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COMMITTEE PRINT

GOVERNMENT

Storage

FOOD COSTS—FARM PRICES

A Compilation of Information Relating to
Agriculture

BY THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS
FIRST SESSION

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FOREWORD

The Committee on Agriculture, acutely conscious of its basic responsibility to see that the Nation's food and fiber output is adequate to meet the needs of all Americans, feels attainment of this goal can be abetted by broader understanding of the economic forces involved in the production of crops and livestock.

With that in mind, the committee herewith is publishing a revised, updated report on its continuing study into farm production costs and the spread between prices farmers receive for their products and what the consumer pays for the finished goods and items in the retail market.

Some 12 years ago this study was inaugurated and the results are published periodically under the title "Food Costs—Farm Prices."

It is of unusual relevancy at this time because of two currently and widely discussed and debated topics: (1) Farm price support and acreage control programs—Shall they be continued, amended or eliminated? and (2) Nutritional needs of America—Should governmental food programs, now costing more than \$1 billion annually, be doubled in volume, and should eligibility requirements for free food to the needy be eased?

Our farmers are providing the food and fiber for today's 202 million Americans, and they have the capability of adequately meeting the needs of the expected 300 million population of the United States by the year 2000.

That capability can be translated into actual accomplishment, however, only if the American farmer receives enough for his crops and livestock to use the modern machinery and technology, insecticides and pesticides and other things so necessary to maximum production.

This 1969 study, assembled from official source material which brings forward the statistical information on the farm year 1968, shows that—

(1) Notwithstanding some improvement in farm income last year, prices received by farmers in 1968 still were 4 percent lower than such prices more than 20 years ago, in the 1947-49 base period; while prices paid by consumers at retail, for food, increased 41 percent. The net income of farmers in 1968 was 5 percent below the 1947-49 base period.

(2) Due to the efficiency of farmers and irrespective of the increased costs of processing and marketing, food was cheaper during 1968, in relation to wages received by Americans, than in any prior period of our history or in any other country. The average family spent only 17.2 percent of its income after taxes for food.

Prices received by farmers continued to rise during 1968 despite larger supplies of major crops and livestock products, averaging nearly 4 percent higher in February of 1969 as compared with February of 1968, but they still were 2 percent below the 1947-49 average.

Prices received by farmers for the goods and services used in production and farm family living continued to rise, and tightened further the cost squeeze on farmers.

The parity ratio was down to 73 in mid-February of this year compared with an average of 108 in 1947-49. The adjusted parity ratio, which reflects Government payments made directly to farmers, was 79 in mid-February. In mid-March it was back up to 74, excluding Government payments.

Meanwhile, during the past two decades the hourly earnings of manufacturing workers have increased by 127 percent and corporate dividends are up 251 percent. During the same 20-year span the average of farm prices dropped by 9 percent, comparing 1948 prices with prices in 1968.

Wheat, including the value of certificates under the wheat program, returned the farmer an average of \$1.87 in the 1967-68 marketing year (July 1 to July 1), as against \$1.98 in the 1948-49 marketing year. The estimated 1968-69 price is \$1.77, down 10 cents from a year ago, and 21 cents below the level of 20 years ago. Corn brought farmers cooperating in the program \$1.24 a bushel, including price support payments, in the 1967-68 period (October 1 to October 1), as compared with \$1.88 a score of years ago. The income from cotton must take into consideration the reduction in percentage of the grower's allotment which now must be planted if he is to receive Government payments. In 1948 he could plant his entire acreage allotment—and he received 30.38 cents a pound on his crop that year. In 1968, had he planted his entire allotment, he would have received only 25 cents a pound. By taking the 35-percent cut in volume of production he became eligible for the Government payment of 12.24 cents a pound, raising the total to 37 cents. But his aggregate income from his total allotment would be less than if planted in entirety as in 1948.

The estimated net income of agriculture for 1968 is \$14.9 billion, compared to \$15.9 billion in 1948. National income reached \$713 billion in 1968, compared to \$224 billion in 1948. Thus, while the national income shows an increase of 218 percent, farm income is down approximately 6 percent.

Realistically, one cannot expect farmers to produce enough to meet the ever-growing needs of our country if these conditions continue. The record shows a steady decline over the past two decades in the numbers of those engaged in farming. Broke farmers can't stay in business, much less turn out the stepped up production which will be required for the future. People living on farms in 1948 numbered 24.4 million; today the farm population is 10.5 million, with approximately 5 million farmworkers on 3 million farms. One farmworker now produces food and fiber for himself and 44 others. Only 2 years ago this figure was 38, and in 1950 it was just 14. One hour of farm labor produces nearly seven times as much food and other crops as it did in 1919-21.

We can make sure that the quantities of food and fiber needed for ourselves, plus help to friendly nations, will be forthcoming if farmers get a fair return for their investment in time, energy, and money. While the average prices they received are actually below those of 20 years ago, they are paying three times as much, or more, for most of the heavy equipment they have to buy.

If it were not for the costly technological developments which have increased yields per acre, the American consumer would be paying a much greater percentage of his disposable income for food. The farmers' share of the retail food dollar was 39 cents in 1968, the remaining 61 cents being taken up largely in processing, packaging, distribution, and handling costs. Another way of looking at it, of the 17 percent of the average disposable income which goes for food, only 5 percent gets back to the farmer for the raw agricultural products he has grown. (About 2 percent is accounted for in purchases of fish and imported foods. Coffee, sugar, and bananas account for a large portion of the imported foods.)

In considering the economic conditions which have driven so many millions of Americans off the farms, one must bear in mind that much of this movement has been to the hard core center of the big cities, compounding the already grave problems there regarding welfare programs and maintenance of law and order.

Our present food stamp, school milk, school breakfast, and other nutritional programs are the result of action by the House Committee on Agriculture, and it is the deep desire and determination of the committee to see that ample and proper food is available to all Americans who are unable, through no fault of their own, to get it. Especial attention has been given to programs for children.

Studies by this committee have made it clear that wider nutritional education is sorely needed, because so many parents, particularly mothers in low-income brackets, have little knowledge as to what constitutes a balanced diet and little knowledge as to how to prepare diet-balanced meals. These studies, disclosing numerous cases where 10 and more children of an unwed mother were living in deplorable circumstances, made it obvious that birth control is a vital factor in correcting such grievous social conditions. Even where a wage-earning husband was present, some families were of a size necessitating assistance through food relief programs. And on this point, it is equally obvious that there ultimately must be population control on a national basis if our current standard of living is to be maintained. Mass starvation like that which has occurred in some parts of the world is the alternative. Fortunately, Americans don't face such dire prospects soon, but it should be kept in mind that the year 2000 with an expected 33-percent boost in population, is just 31 years away.

Discharging its responsibility to promote abundant production of food and fiber, the Agriculture Committee of the House over the years has thoroughly explored various proposals designed to bring supply in line with demand. Lack of such balance leads to surpluses with temporarily lower prices to consumers followed by shortages and soaring costs at retail levels as farmers are driven out of business.

In the promulgation of farm laws, an urban oriented Congress determines what is and what is not to be done.

Out of the 435 members of the House of Representatives, only 31 hail from districts which have 25 percent or more of their people living on farms. Only 83 have as much as 15 percent of their people living on farms. Twenty-one States don't have even one district with as much as 15 percent farm population.

This is a democracy and the masses of our people now live in the cities. So, it is vitally important that folks in the cities recognize that

it is to their own long-range interest that legislation of a kind to encourage farm production be enacted. Only with such understanding will come support and appreciation of lawmakers who vote for farm laws that assure adequate production.

W. R. POAGE, *Chairman.*

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THE AGRICULTURAL PICTURE IN BRIEF*

FARM OUTPUT AND U.S. POPULATION

U.S. farm output established another record high in 1968. At 140 percent of 1950, 1968 output was nearly 2 percent higher than in 1967, the increase resulting largely from greater output of meat animals, food grains, cotton, and oil crops. Output of poultry and eggs, feed grains, and tobacco declined.

The record crop output resulted from record high yields on 2 percent fewer acres in harvested crops than in 1967.

U.S. population in 1968 was 32 percent higher than in 1950, exceeding 200 million. The number of people living on farms in 1968 was estimated at 10½ million, down a little more than 3 percent from 1967. Those actually engaged in farm labor totaled only 5 million persons, on approximately 3 million farms.

FARMERS' PRICES

Prices received by farmers in 1968 averaged only 74 percent of parity, the same as in 1967, with indications the parity ratio will remain near the same level throughout 1969. Prices in 1968 on some commodities, such as wheat and corn, were considerably below those of 20 years ago. Average prices were 4 percent lower than those of 1947-49.

(Parity, as applied under agricultural laws, is a level of income providing a farmer and his family with a standard of living equivalent to that afforded persons in other gainful occupations in return for like investments in time, energy, and money. In determining parity, economists take into consideration the relationship between what a farmer pays for items going into production, and the prices he receives for his crops and livestock.)

FARM INCOME AND EXPENSES

Realized gross farm income was a record high \$50.8 billion in 1968, up about \$1.7 billion from 1967 and \$1 billion over the previous record of \$49.6 billion in 1966. Realized net income was \$14.9 billion, up 4 percent from 1967. A slight drop in net income in 1969 may occur. Farm production expenses continued to rise in 1968, increasing by \$1.1 billion over 1967, up to nearly \$36 billion. Gross income may go up another \$1 billion in 1969, but little change is expected in the level of prices received by farmers, while another large advance in production expenses is in sight, thus indicating a dip in net income. Average realized net income per farm in 1968 was \$4,863.

*Condensed from "General Agricultural Outlook," prepared by Department of Agriculture in March 1969.

FARM AND NONFARM INCOME

Personal income of the farm population was estimated at \$2,339 per person in 1968, including \$1,040 from nonfarm sources, as compared with the per capita disposable personal income of \$2,970 by the country's nonfarm population. The average disposable income of farmers, from all sources, was \$2,168.

CONSUMER PRICE INDEXES

Costs of all consumer items were 21 percent higher in 1968 than in a base period of 1957-59, while the retail food costs were up 19 percent. The increase in price of food at home was less than half as much, 16 percent, as the 36-percent increase in costs of eating away from home in 1968 as compared with 1957-59. In 1969 retail food prices are expected to average 2 to 2½ percent above 1968, which reflected a 3½-percent boost over 1967. Prices for food in grocery stores likely will be averaging 1 to 2 percent higher in 1969, while restaurant food prices may increase by about 5 percent. Per capita food consumption in 1969 may increase nearly 1 percent over 1968.

The farmers' share of the retail food dollar was 39 cents in 1968, as compared with 47 cents in 1950.

The average consumer in 1968 spent only 17 percent of his disposable income for food. A little more than 13½ percent of this disposable income went for food consumed at home, 3½ percent for food in restaurants and elsewhere away from home. In 1960 consumers spent one-fifth of their disposable income for food. In Western Europe 25 to 30 percent of the average person's disposable income goes for food, while in Russia the figure is about 45 to 50 percent and in Asia it is approximately 75 to 80 percent. In 1968 the average retail price of a 1-pound loaf of bread was 22.4 cents. The farmer received 2.6 cents per pound for the wheat in that loaf. The baker's share was 12.3 cents, distributor costs and retailer's margin accounted for the balance. The price of a typical cotton business shirt averaged \$4.60 in 1968. The farm value of the raw cotton in it was 23 cents. In 1960 the same kind of shirt sold for \$4.13; the farm value of the raw cotton in it was 27 cents. The price of the average live steer in 1968 was 25 cents a pound. In terms of yield of retail cuts from a 1,000-pound steer, the average price to the farmer was 52 cents, to the consumer 87 cents.

EXPORTS OF FARM PRODUCTS

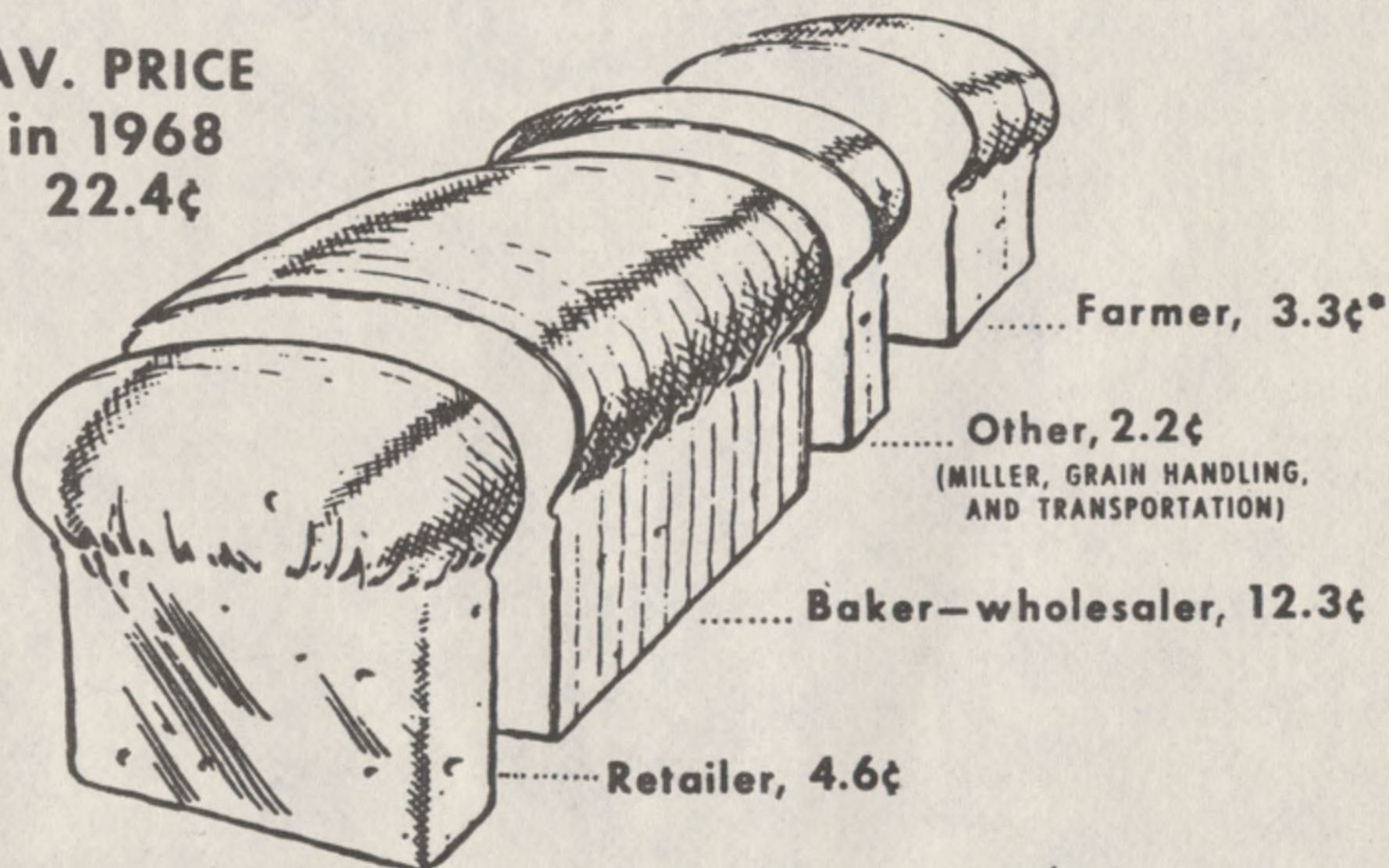
The value of U.S. exports of farm products in fiscal 1968 was \$6.3 billion, about \$500 million under fiscal 1967, marking the first decline in the fiscal year exports since 1959. These exports are a vital factor in maintaining a dollar balance of trade. Japan continued to be the leading commercial foreign market for U.S. farm products, buying about \$900 million worth of products. The value of exports of each of three groups of farm commodities exceeded \$1 billion in fiscal 1968. These were wheat and flour, \$1.3 billion; oil seeds and products, \$1.2 billion; and feed grains, \$1 billion. Sixty percent of the value of exports of wheat and flour moved under Government-financed programs. The value of program exports of oil seeds and products and feed grains was a little more than \$100 million for each group.

IMPORTS OF FARM PRODUCTS

The value of U.S. imports of agricultural products was \$4.6 billion in fiscal 1968. The value of products like those produced in the United States was \$2.8 billion, while the value of complementary imports—those not grown commercially in the United States was \$1.8 billion. Meat and meat products valued at \$709 million and sugar valued at \$611 million were the leading commodities on the supplementary list. Coffee valued at a little over \$1 billion was the leading complementary import item.

Where It Goes**CONSUMER'S BREAD PRICE**

**AV. PRICE
in 1968
22.4¢**



* INCLUDES VALUE OF WHEAT MARKETING CERTIFICATE. (OTHERWISE 2.6¢)

U. S. DEPARTMENT OF AGRICULTURE

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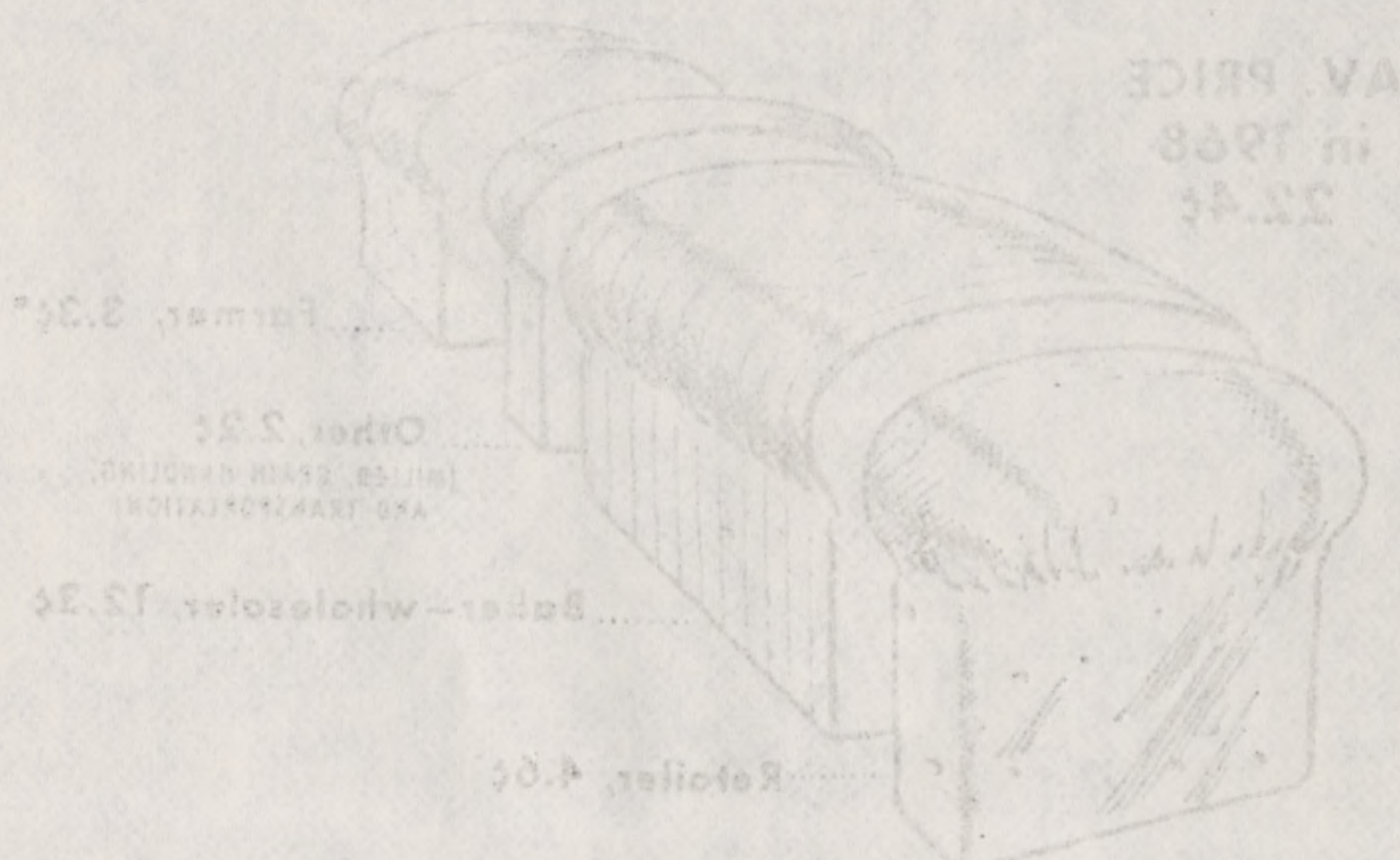
ECONOMIC RESEARCH SERVICE

IMPORTS OF FARM PRODUCTS

The value of U.S. imports of agricultural products was \$4.6 billion in fiscal 1968. The value of products like those produced in the United States was \$2.5 billion, while the value of supplementary imports—those not grown commercially in the United States—was \$2.1 billion. Meat and meat products valued at \$709 million and sugar valued at \$641 million were the leading commodities on the supplementary list. Coffee valued at a little over \$1 billion was the leading supplementary import item.

Where It Goes

CONSUMER'S BREAD PRICE



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FARM PRICES AND FOOD COST TRENDS

EXPENDITURES FOR FOOD, AT FARM AND AT RETAIL

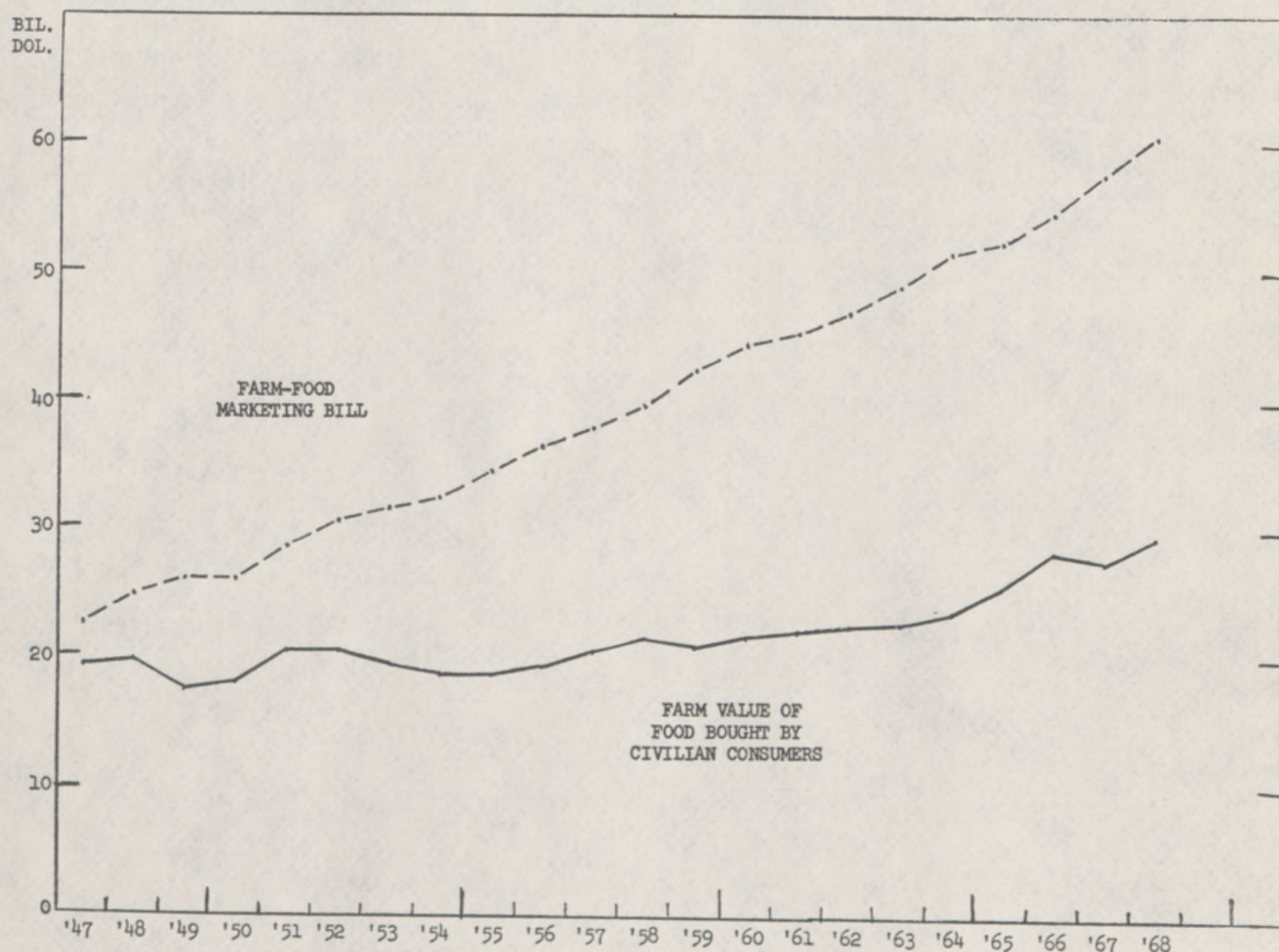
Retail food prices in 1968 had increased 41 percent since the early post World War II years. Although farm income improved during the period from 1961 to 1968, compared with the levels of the 1950's, prices received by farmers in 1968 were 4 percent below the 1947-49 base period. The years 1947-49 are used as a base in order to portray the trends in farm prices, marketing charges and retail food prices throughout the entire postwar period.

Last year, the cost to consumers of farm-produced food totaled \$89.6 billion—up \$46.2 billion, or 106 percent, from the 1947-49 average of \$43.4 billion. Of this \$46.2 billion increase in the cost of farm-produced foods, \$35.9 billion, or 78 percent, was absorbed by marketing agencies and processors—the middlemen. Only \$10.3 billion, or 22 percent, trickled back to the farmers for the much larger volume of products delivered to the processors.

As compared with 1947-49, consumers purchased about 58 percent more farm-produced foods in 1968, and this larger volume of farm products included a larger proportion of meats and other more valuable animal products as compared with cereals and potatoes. Farmers received 54 percent more gross income from the 58 percent larger volume of products sold in 1968 (fig. 1). Actually, the net income of farmers was \$17,114 million in 1947 compared to an estimated \$14,852 million in 1968—a decrease of 13 percent.

FIGURE 1

Farm food marketing bill and farm value of food bought by civilian consumers, 1947-68



(5)

FARM-FOOD MARKETING BILL AND FARM VALUE OF FOOD BOUGHT BY CIVILIAN CONSUMERS, 1947-68

[In billions]

Year	Farm value	Farm food marketing bill	Year	Farm value	Farm food marketing bill
1947	\$19.3	\$22.6	1958	\$21.5	\$39.5
1948	19.9	24.9	1959	20.9	42.2
1949	17.4	26.0	1960	21.7	44.2
1950	18.0	26.0	1961	22.0	45.1
1951	20.5	28.7	1962	22.4	46.9
1952	20.4	30.5	1963	22.6	48.9
1953	19.5	31.5	1964	23.4	51.2
1954	18.8	32.3	1965	25.5	52.1
1955	18.7	34.4	1966	28.1	54.7
1956	19.2	36.3	1967 ¹	27.4	57.6
1957	20.4	37.9	1968 ¹	29.2	60.4

¹ Preliminary.

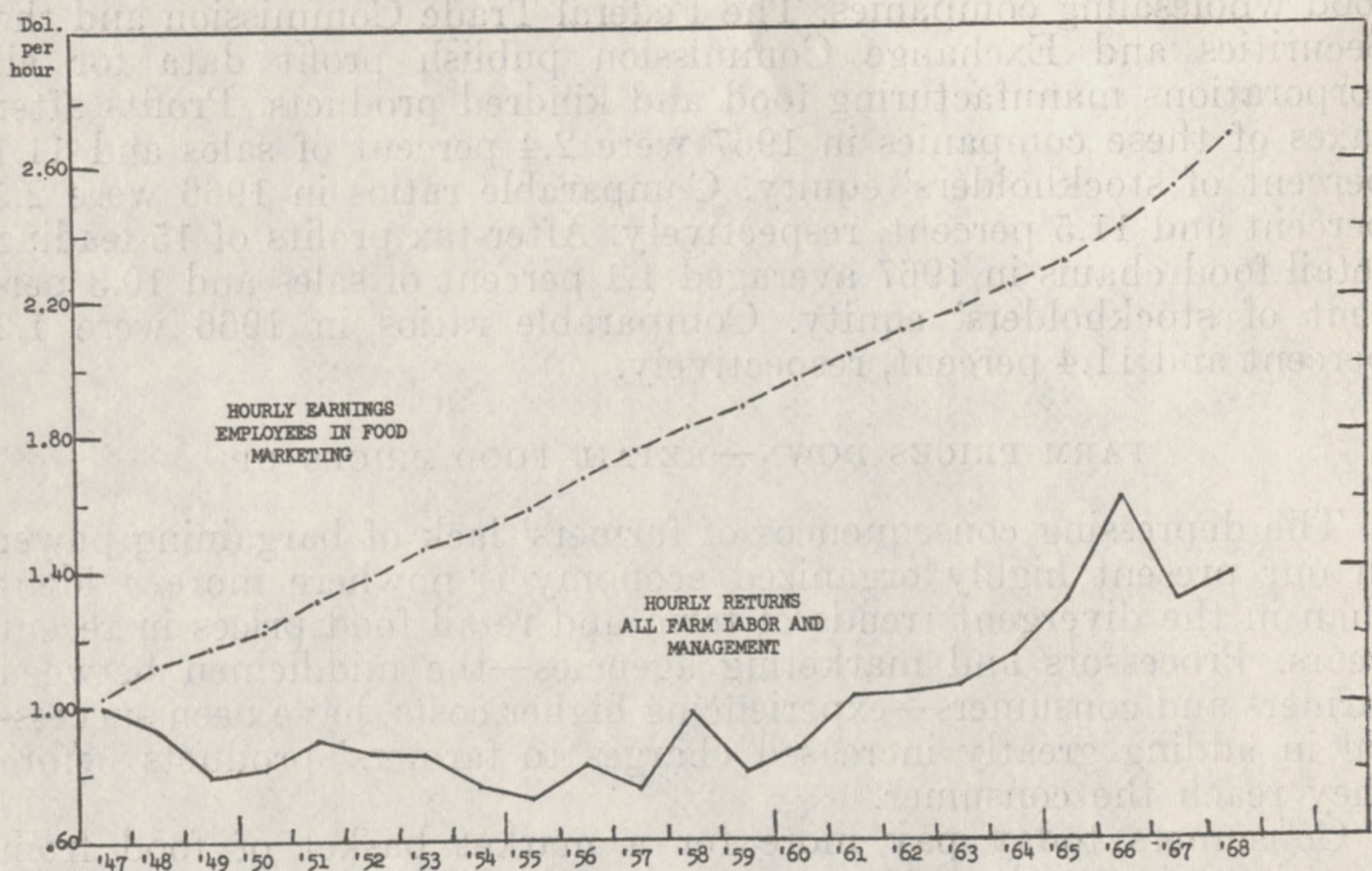
Source: U.S. Department of Agriculture Economic Research Service.

WAGES ON AND OFF THE FARM

In 1947, employees in food processing and in the wholesale and retail food trade earned an average of \$1.03 an hour, 19 cents less than employees in all manufacturing industries. In 1968, food marketing employees earned an average of \$2.67 an hour, over twice their average earnings in 1947, but still 34 cents less than the average of employees in all manufacturing. These employees' earnings have risen steadily. On the other hand, returns per hour of farm labor and management, \$1 in 1947, declined almost steadily from 1947 to 1955, then moved irregularly upward to \$1.60 in 1966, declined sharply in 1967, and recovered to \$1.38 in 1968—38 cents per hour more than in 1947.



FIGURE 2



HOURLY EARNINGS IN FOOD MARKETING FIRMS AND REALIZED RETURNS PER HOUR TO ALL FARM LABOR AND MANAGEMENT, 1947 TO DATE

Year	Realized re- turns per hour to all farm labor and management	Average hourly earnings of em- ployees in food marketing firms	Year	Realized re- turns per hour to all farm labor and management	Average hourly earnings of em- ployees in food marketing firms
1947	\$1.00	\$1.03	1958	\$0.97	\$1.82
1948	.93	1.12	1959	.80	1.88
1949	.79	1.17	1960	.87	1.96
1950	.81	1.22	1961	1.02	2.03
1951	.90	1.31	1962	1.03	2.10
1952	.86	1.38	1963	1.05	2.16
1953	.85	1.46	1964	1.14	2.23
1954	.76	1.51	1965	1.30	2.30
1955	.72	1.58	1966	1.60	2.40
1956	.82	1.67	1967	1.30	2.52
1957	.75	1.75	1968 ¹	1.38	2.67

¹ Preliminary.

Source: U.S. Department of Agriculture Economic Research Service.

PROFITS OF LEADING FOOD MARKETING CORPORATIONS

Profits after taxes on income of food manufacturing corporations and leading retail food chains are shown in the tabulation below:

	1957-59 aver- age (percent)	1967 (percent)
Profits as percentage of sales:		
Food manufactures	2.2	2.4
15 leading retail food chains	1.3	1.1
Profits as percentage of stockholder's equity:		
Food manufactures	9.2	11.1
15 leading retail food chains	14.3	10.3

Note.—Comparable data are not available for 1947; 1968 not yet available.

Source: Compiled from Federal Trade Commission-Securities and Exchange Commission reports, Moody's Industrial Manual, and company annual reports.

No profit ratios are available for all retail food store companies or food wholesaling companies. The Federal Trade Commission and the Securities and Exchange Commission publish profit data for all corporations manufacturing food and kindred products. Profits after taxes of these companies in 1967 were 2.4 percent of sales and 11.1 percent of stockholders' equity. Comparable ratios in 1966 were 2.5 percent and 11.5 percent, respectively. After-tax profits of 15 leading retail food chains in 1967 averaged 1.1 percent of sales and 10.3 percent of stockholders' equity. Comparable ratios in 1966 were 1.2 percent and 11.4 percent, respectively.

FARM PRICES DOWN—RETAIL FOOD PRICES UP

The depressing consequences of farmers' lack of bargaining power in our present highly organized economy is nowhere more evident than in the divergent trends of farm and retail food prices in recent years. Processors and marketing agencies—the middlemen between farmers and consumers—experiencing higher costs, have been successful in adding greatly increased charges to farmers' products before they reach the consumer.

Consumers today pay more for a market basket of food from American farms than 21 years ago, and all the increase in retail prices—and more—goes to the middlemen. None accrues to farmers.

Farmers, producing more and better food products than ever before, are getting lower prices than 21 years ago even though their costs, too, are mounting steadily. Farmers do not have the organizational control which characterizes industry and labor, and thus cannot bargain in the market to maintain reasonable prices. Selling, as they must, in a highly competitive market, except for the price support and adjustment programs on a few key commodities, farmers would bear the full brunt of their overrapid increase in efficiency and production.

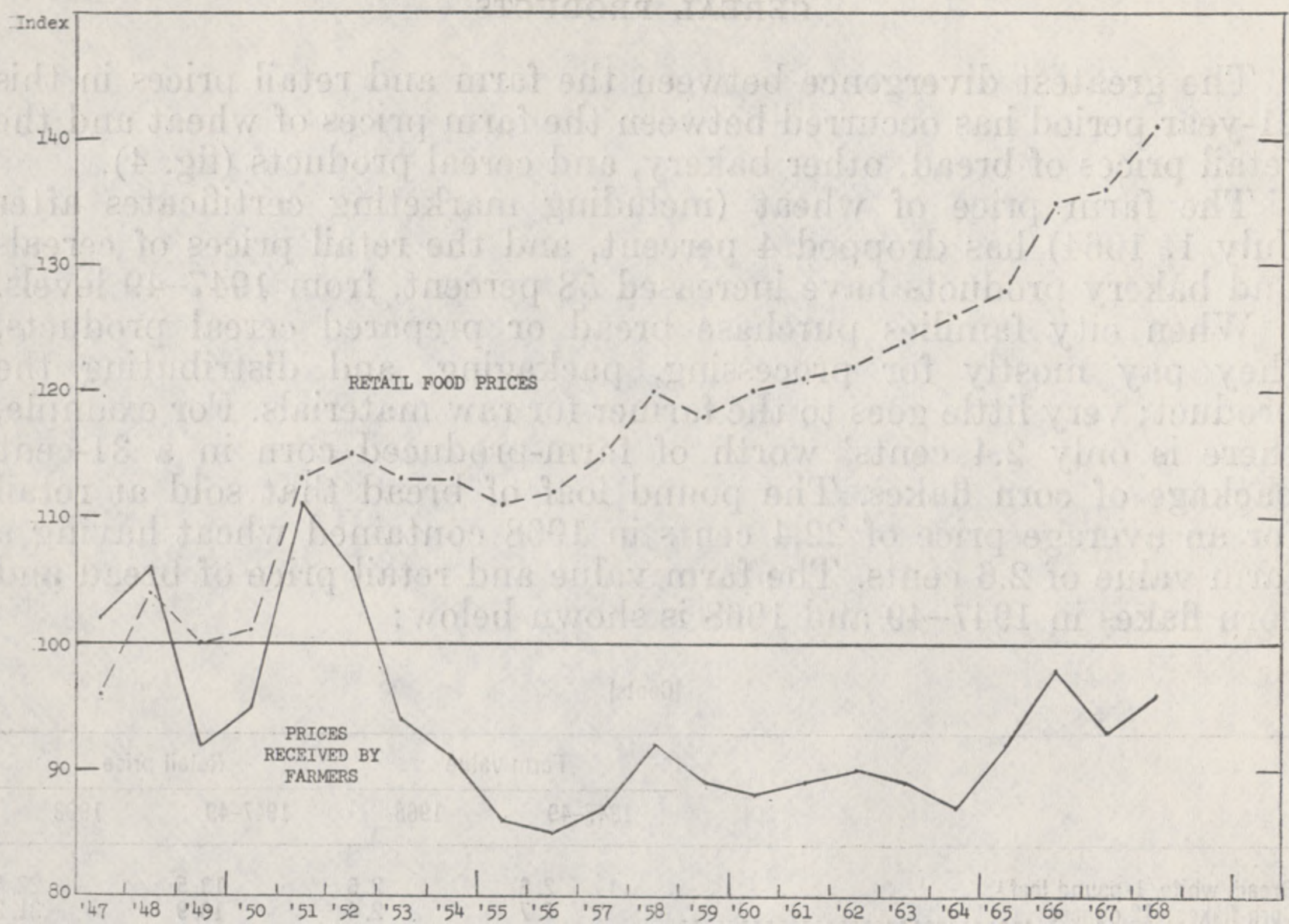
Over 90 percent of American consumers' food supplies originate on American farms, and declining farm prices have been offset by rising retail food prices, making it difficult, if not impossible, for lower farm prices to encourage increased consumption of food (fig. 3).

Retail food prices have risen almost steadily over the past 21 years. Prices received by farmers reached their postwar peak in 1951, but declined sharply in the next few years and remained at relatively low levels. In 1968 prices received by farmers were 9 percent lower than in 1952, the last year when farm prices were 100 percent of parity. Retail food prices, however, were 23 percent higher than in 1952.

Year	Profits as percentage of sales	Profits as percentage of stockholders' equity
1967	2.4	11.1
1966	2.5	11.5
1967 (15 leading retail food chains)	1.1	10.3
1966 (15 leading retail food chains)	1.2	11.4

Source: Compiled from Federal Trade Commission Securities and Exchange Commission reports, Weekly Industrial Market, and company annual reports.
Note: Comparable data are not available for 1967; 1968 not yet available.

FIGURE 3



PRICES RECEIVED BY FARMERS AND RETAIL FOOD PRICES, 1947 TO DATE

[1947-49=100]

Year	Prices received by farmers	Retail food prices	Year	Prices received by farmers	Retail food prices
1947	102	96	1958	92	120
1948	106	104	1959	89	118
1949	92	100	1960	88	120
1950	95	101	1961	89	121
1951	111	113	1962	90	122
1952	106	115	1963	89	124
1953	94	113	1964	87	126
1954	91	113	1965	92	128
1955	86	111	1966	98	135
1956	85	112	1967	93	136
1957	87	115	1968	96	141

Source: U.S. Department of Agriculture and Bureau of Labor Statistics.

The Economic Research Service of the U.S. Department of Agriculture makes monthly estimates of the farm value and retail cost of a typical "market basket" of farm-food products purchased annually per household by urban wage earner or clerical worker families and single workers living alone. This statistical series indicates that the average household paid 26 percent more in 1968 than in the years 1947-49 for the same kinds and quantities of food, yet returns to farmers from these products were lower in 1968 than in 1947-49.

FARM AND RETAIL PRICES OF BREAD, OTHER BAKERY, AND
CEREAL PRODUCTS

The greatest divergence between the farm and retail prices in this 21-year period has occurred between the farm prices of wheat and the retail prices of bread, other bakery, and cereal products (fig. 4).

The farm price of wheat (including marketing certificates after July 1, 1964) has dropped 4 percent, and the retail prices of cereals and bakery products have increased 58 percent, from 1947-49 levels.

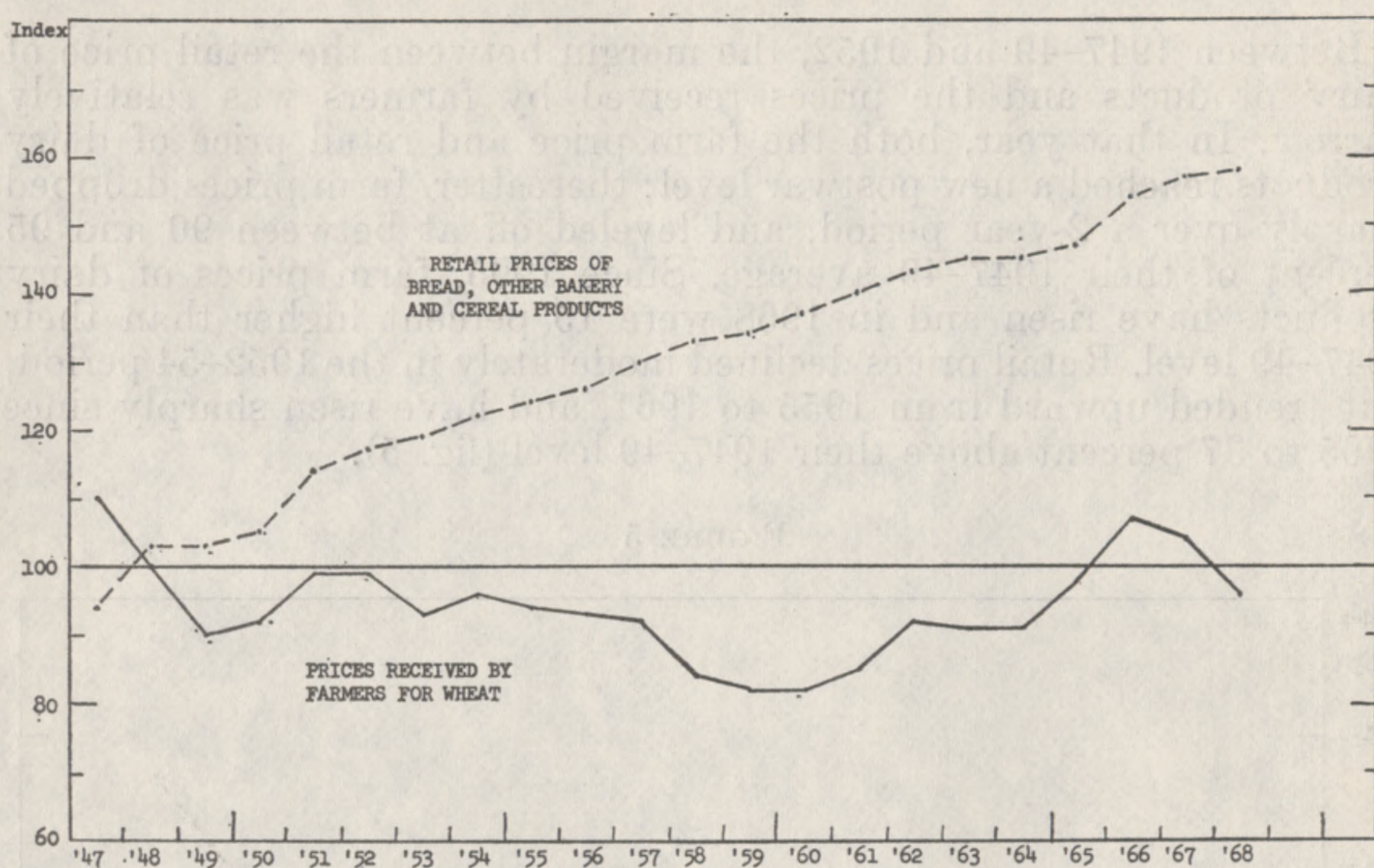
When city families purchase bread or prepared cereal products, they pay mostly for processing, packaging, and distributing the product; very little goes to the farmer for raw materials. For example, there is only 2.4 cents' worth of farm-produced corn in a 31-cent package of corn flakes. The pound loaf of bread that sold at retail for an average price of 22.4 cents in 1968 contained wheat having a farm value of 2.6 cents. The farm value and retail price of bread and corn flakes in 1947-49 and 1968 is shown below:

	[Cents]			
	Farm value		Retail price	
	1947-49	1968	1947-49	1968
Bread, white, 1-pound loaf ¹	2.6	2.6	13.5	22.4
Corn flakes: 12 ounces	2.7	2.4	16.9	31.2

¹ Farm value of wheat only; includes cost of marketing certificate in 1968.

The Economic Research Service estimates that the farm value of all ingredients used in the bakery products in their "market basket" declined 7 percent from 1947-49 to 1968, and the retail cost increased 49 percent.

FIGURE 4



AVERAGE PRICES RECEIVED BY FARMERS FOR WHEAT, AND RETAIL PRICES OF BREAD AND OTHER BAKERY AND CEREAL PRODUCTS, 1947 TO DATE

[1947-49=100]

Year	Average prices received by farmers for wheat	Retail prices of bread, other bakery and cereal products	Year	Average prices received by farmers for wheat	Retail prices of bread, other bakery and cereal products
1947	110	94	1958	84	133
1948	100	103	1959	82	134
1949	90	103	1960	82	137
1950	92	105	1961	85	140
1951	99	114	1962	92	143
1952	99	117	1963	91	145
1953	93	119	1964	91	145
1954	96	122	1965	98	147
1955	94	124	1966	107	154
1956	93	126	1967	104	157
1957	92	130	1968	96	158

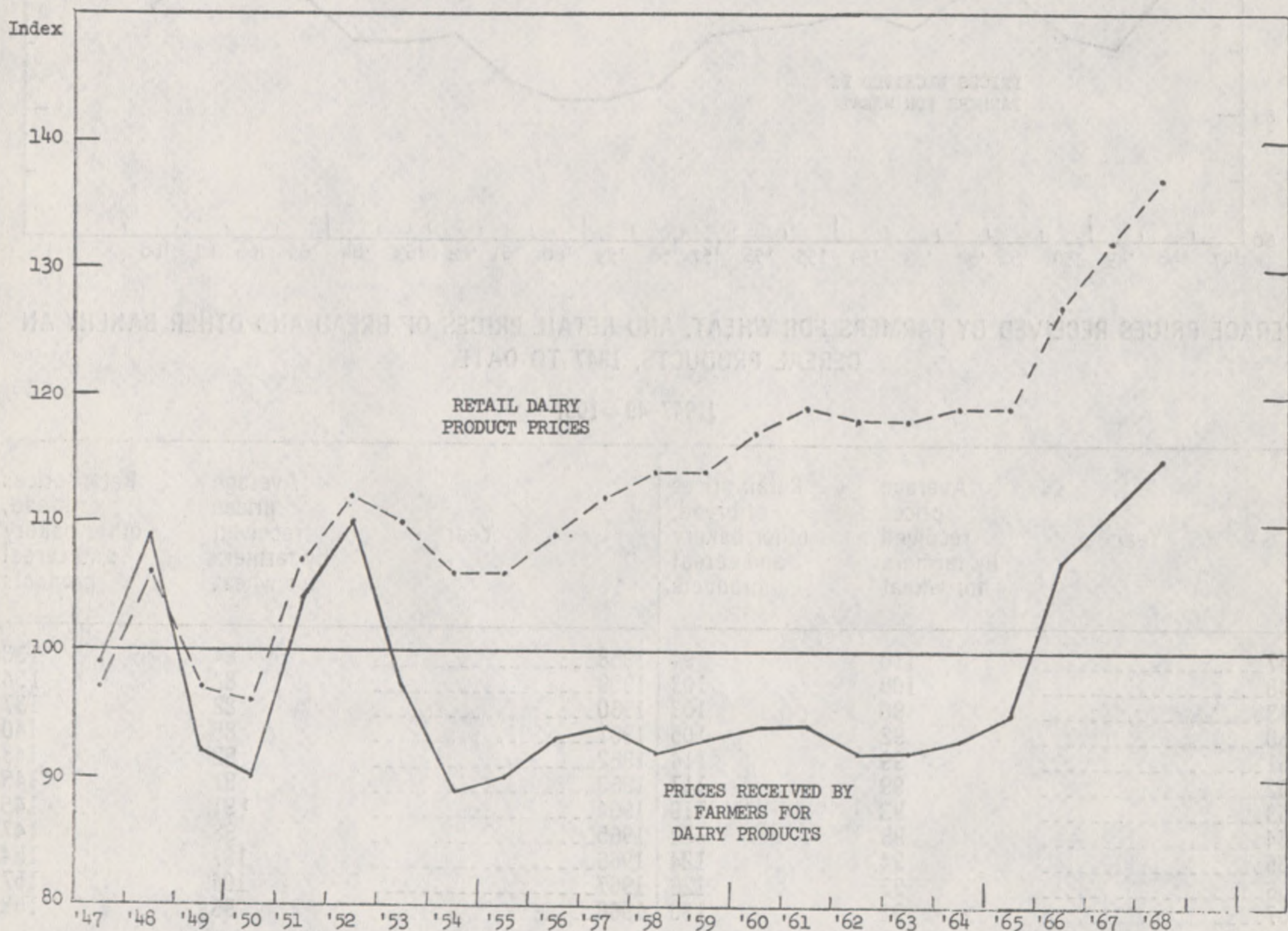
¹ Including marketing certificates after July 1, 1964.

Source: U.S. Department of Agriculture Economic Research Service and Bureau of Labor Statistics.

FARM AND RETAIL PRICES OF DAIRY PRODUCTS

Between 1947-49 and 1952, the margin between the retail price of dairy products and the prices received by farmers was relatively narrow. In that year, both the farm price and retail price of dairy products reached a new postwar level; thereafter, farm prices dropped sharply over a 2-year period, and leveled off at between 90 and 95 percent of their 1947-49 average. Since 1965, farm prices of dairy products have risen and in 1968 were 15 percent higher than their 1947-49 level. Retail prices declined moderately in the 1952-54 period, but trended upward from 1955 to 1961, and have risen sharply since 1965 to 37 percent above their 1947-49 level (fig. 5).

FIGURE 5



PRICES RECEIVED BY FARMERS FOR DAIRY PRODUCTS AND RETAIL DAIRY PRODUCTS PRICES, 1947 TO DATE

[1947-49=100]

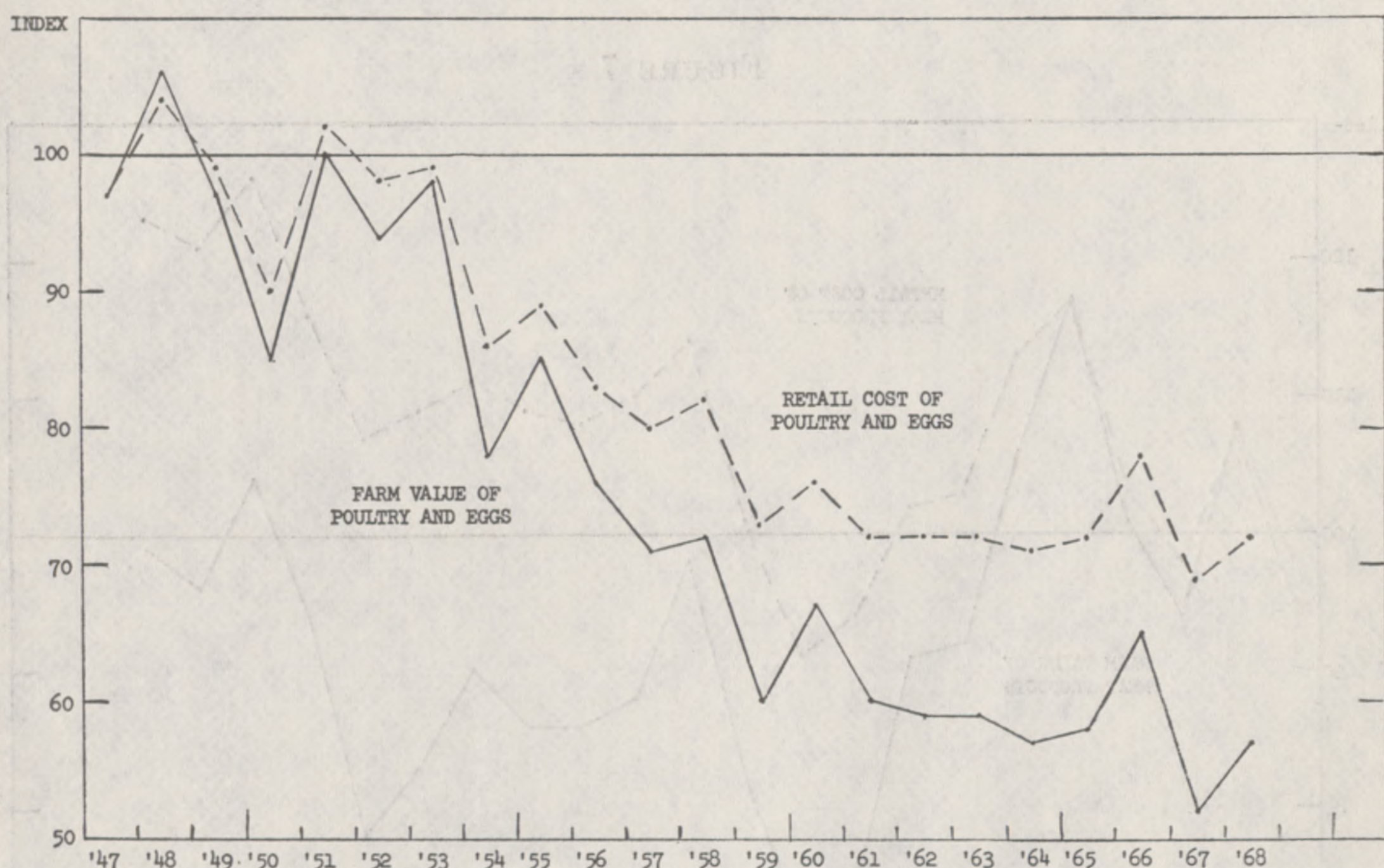
Year	Dairy products prices received by farmers	Retail dairy products prices	Year	Dairy products prices received by farmers	Retail dairy products prices
1947	99	97	1958	92	114
1948	109	106	1959	93	114
1949	92	97	1960	94	117
1950	90	96	1961	94	119
1951	104	107	1962	92	118
1952	110	112	1963	92	118
1953	97	110	1964	93	119
1954	89	106	1965	95	119
1955	90	106	1966	107	127
1956	93	109	1967	111	132
1957	94	112	1968	115	137

Source: U.S. Department of Agriculture, Statistical Reporting Service, and Bureau of Labor Statistics.

FARM VALUE AND RETAIL COST OF POULTRY AND EGGS

Both the farm value and the retail cost of a fixed quantity of poultry and eggs rose in 1966 and again in 1968 after dropping almost steadily since 1951 (fig. 6). From 1947 to 1953 the farm value and the retail cost of a fixed quantity of poultry and eggs moved closely together. Since 1953, however, the farm value of these products has dropped more sharply than the retail cost.

FIGURE 6



FARM VALUE AND RETAIL COST OF POULTRY AND EGGS PURCHASED PER WAGE EARNER HOUSEHOLD, 1947 TO DATE

[1947-49=100]

Year	Farm value of poultry and eggs	Retail cost of poultry and eggs	Year	Farm value of poultry and eggs	Retail cost of poultry and eggs
1947	97	97	1958	72	82
1948	106	104	1959	60	73
1949	97	99	1960	67	76
1950	85	90	1961	60	72
1951	100	102	1962	59	72
1952	94	98	1963	59	72
1953	98	99	1964	57	71
1954	78	86	1965	58	72
1955	85	89	1966	65	78
1956	76	83	1967	52	69
1957	71	80	1968	57	72

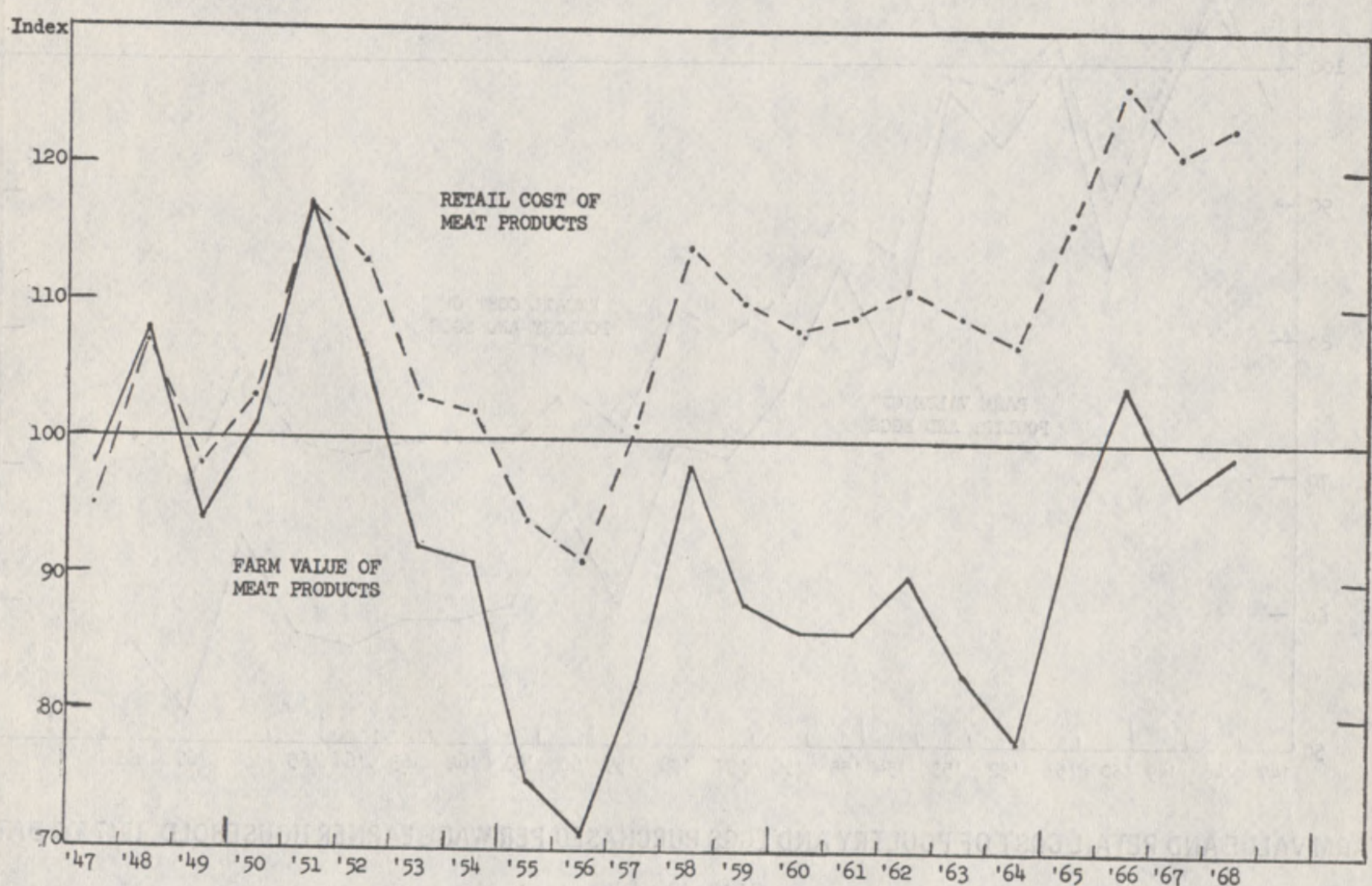
Source: U.S. Department of Agriculture, Economic Research Service.

FARM VALUE AND RETAIL COST OF MEAT PRODUCTS PURCHASED

Changes in the farm value and retail cost of meat products purchased by the average wage earner or clerical worker household were very similar from 1947 to 1951. From the high point in 1951, both the retail cost and the farm value of meat products fell each year, reaching a low in 1956. In 1956, however, the farm value of meat products had fallen 29 percent below 1947-49 levels, while the retail cost of these products had fallen only 9 percent.

By 1958, the farm value of meat products had recovered to 98 percent of the 1947-49 level, but the retail cost, due to wider marketing margins, had increased to 114 percent of the base period. Thereafter, the farm value dropped sharply, while retail prices experienced only a moderate decline. In the 2-year period 1963-64, farm prices of meat products dropped 12 points while retail prices dropped only 4 points, creating the widest marketing margin for meats in postwar years. Since 1964, the farm value has fluctuated upward, but in 1968 was 1 percent lower than the 1947-49 level. However, in that year the retail cost was 23 percent higher than in 1947-49 (fig. 7).

FIGURE 7



FARM VALUE AND RETAIL COST OF MEAT PRODUCTS PER WAGE EARNER HOUSEHOLD, 1947 TO DATE
[1947-49=100]

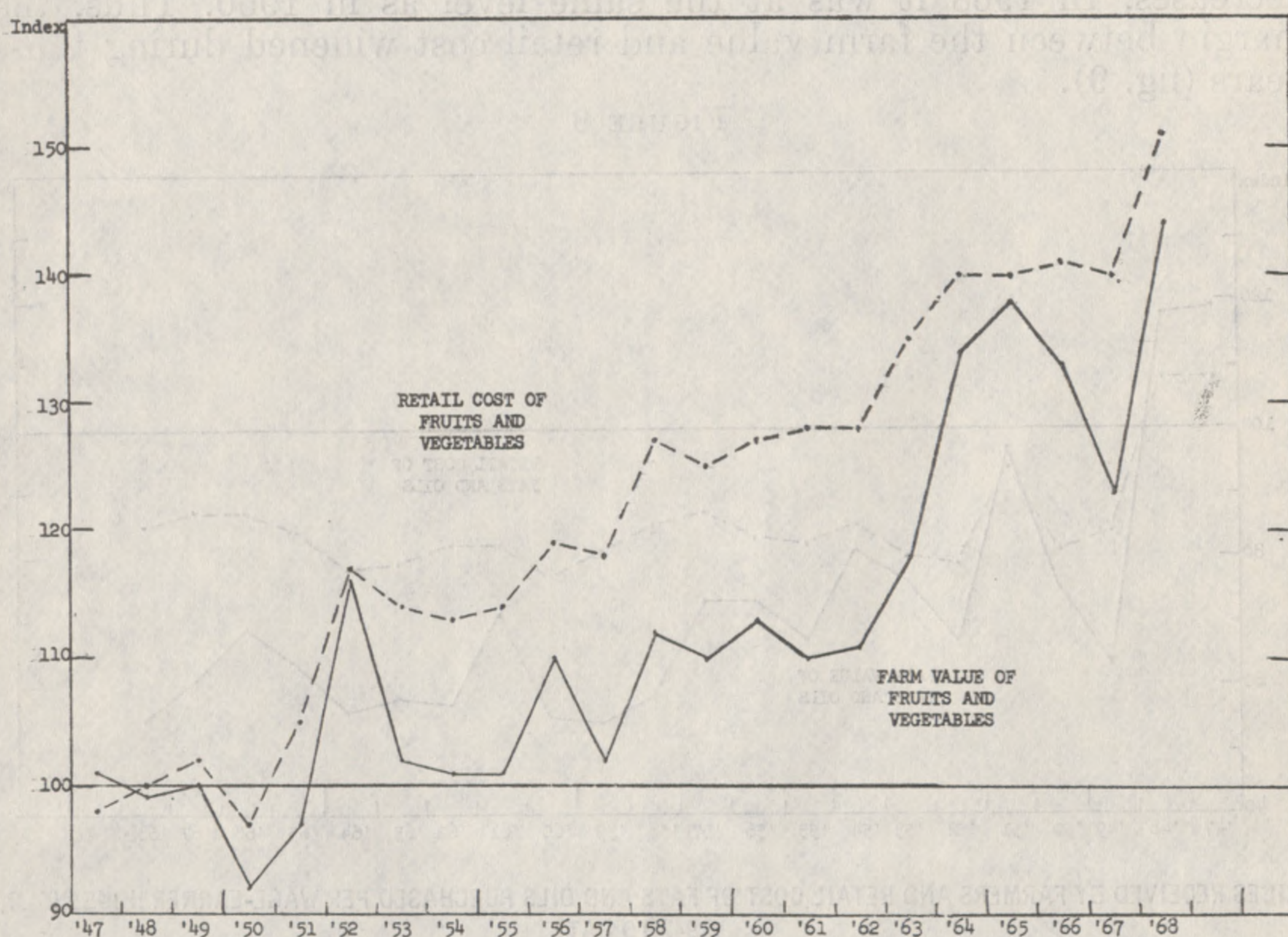
Year	Farm value of meat products	Retail cost of meat products	Year	Farm value of meat products	Retail cost of meat products
1947	98	95	1958	98	114
1948	108	107	1959	88	110
1949	94	98	1960	86	108
1950	101	103	1961	86	109
1951	117	117	1962	90	111
1952	106	113	1963	83	109
1953	92	103	1964	78	107
1954	91	102	1965	94	116
1955	75	94	1966	104	126
1956	71	91	1967	96	121
1957	82	101	1968	99	123

Source: U.S. Department of Agriculture Economic Research Service.

FARM VALUE AND RETAIL COST OF FRUITS AND VEGETABLES PURCHASED

The farm value and retail cost of fruits and vegetables increased sharply from 1947 to 1952. In the next 2 years, the farm value declined 13 percent, while the retail cost dropped only 3 percent. Since 1957, the farm value has moved irregularly upward. It jumped sharply in 1964 and again in 1968, mainly because of reduced supplies. In 1968, the farm value was 44 percent above the 1947-49 average, and retail prices averaged 51 percent higher than in 1947-49 (fig. 8).

FIGURE 8



PRICES RECEIVED BY FARMERS AND RETAIL COST OF FRUITS AND VEGETABLES PURCHASED PER WAGE-EARNER HOUSEHOLD, 1947 TO DATE

[1947-49=100]

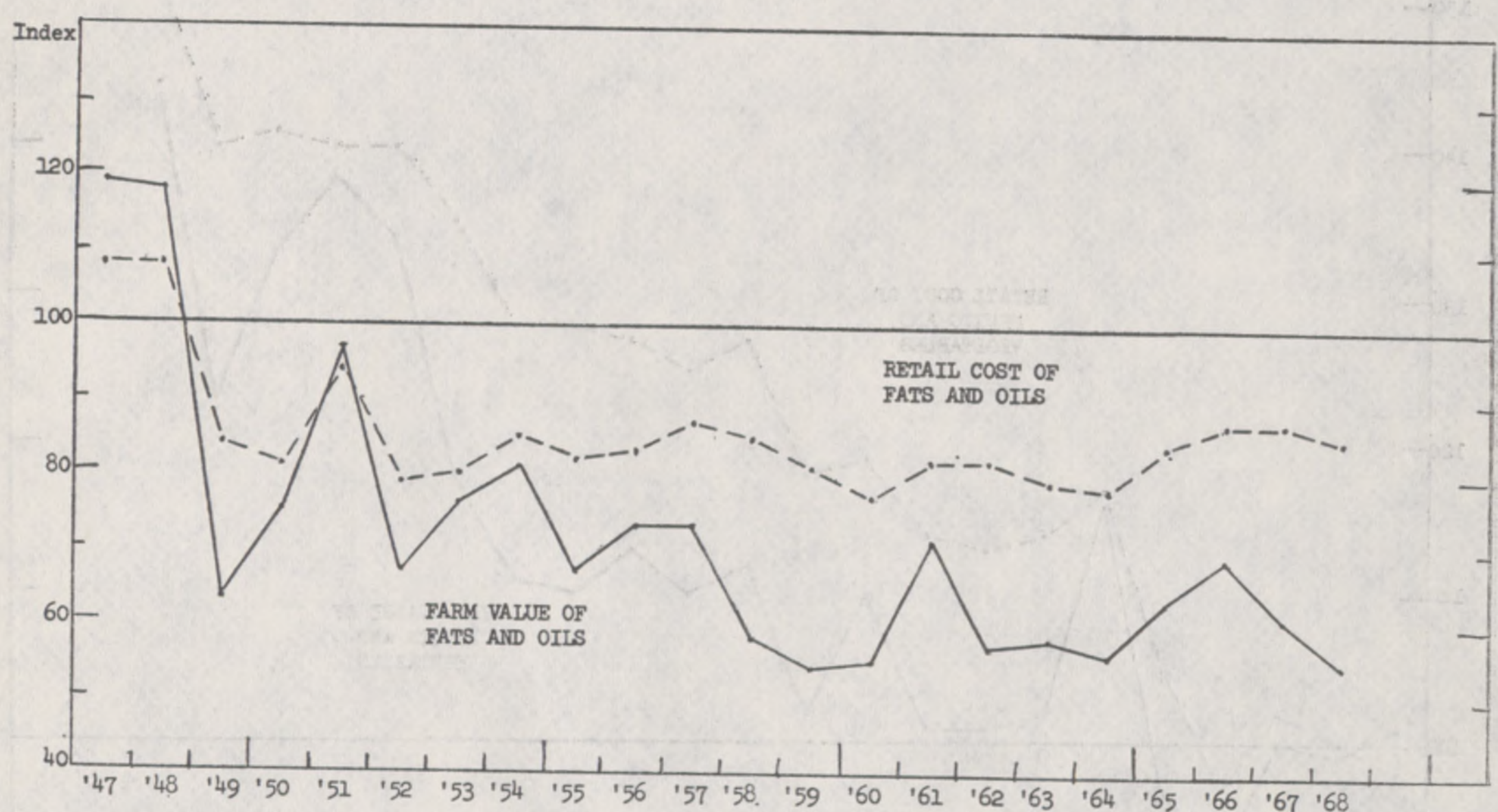
Year	Farm value of fruits and vegetables	Retail cost of fruits and vegetables	Year	Farm value of fruits and vegetables	Retail cost of fruits and vegetables
1947-----	101	98	1958-----	112	127
1948-----	99	100	1959-----	110	125
1949-----	100	102	1960-----	113	127
1950-----	92	97	1961-----	110	128
1951-----	97	105	1962-----	111	128
1952-----	116	117	1963-----	118	135
1953-----	102	114	1964-----	134	140
1954-----	101	113	1965-----	138	140
1955-----	101	114	1966-----	133	141
1956-----	110	119	1967-----	123	140
1957-----	102	118	1968-----	144	151

Source: U.S. Department of Agriculture Economics Research Service.

FARM VALUE AND RETAIL COST OF FATS AND OILS

Fats and oils are one group of foods for which the average wage earner or clerical worker household is paying less than in 1947-49. Both retail prices and farm values of fats and oils have declined greatly since 1947, and in 1968 were 15 percent and 45 percent, respectively, below their 1947-49 levels. The retail cost of a fixed quantity of margarine, peanut butter, salad and cooking oil, and vegetable shortening dropped irregularly to 1960, but has risen 10 percent since then. Substantial increases in the farm value in 1961 and again in 1965 and 1966 were followed by about equally large decreases. In 1968 it was at the same level as in 1960. Thus, the margin between the farm value and retail cost widened during these years (fig. 9).

FIGURE 9



PRICES RECEIVED BY FARMERS AND RETAIL COST OF FATS AND OILS PURCHASED PER WAGE-EARNER HOUSEHOLD, 1947 TO DATE

[1947-49=100]

Year	Farm value of fats and oils	Retail cost of fats and oils	Year	Farm value of fats and oils	Retail cost of fats and oils
1947	119	108	1958	58	85
1948	118	108	1959	54	81
1949	63	84	1960	55	77
1950	75	81	1961	71	82
1951	97	94	1962	57	82
1952	67	79	1963	58	79
1953	76	80	1964	56	78
1954	81	85	1965	63	84
1955	67	82	1966	69	87
1956	73	83	1967	61	87
1957	73	87	1968	55	85

Source: U.S. Department of Agriculture, Economic Research Service.

FOOD MARKETING COSTS AND ECONOMIC TRENDS

How does the increase in payments to food distribution agencies over this 21-year period compare with other marketing trends?

Food marketing charges increased from 1947 to 1968 mainly because of rising costs of performing marketing operations. Prices of containers, packaging material, fuel, power, and light averaged 39 percent higher in 1968 than in 1947-49; prices of such services as rent, property insurance, maintenance, and telephone increased 96 percent. Prices of new plant and equipment were up 69 percent. Interest rates, taxes, and many other costs also were higher. Rail freight rates on farm products increased 19 percent from 1947-49 to 1967 (latest available data). Truck rates also rose, but statistical data are lacking.

The average city family in 1968 purchased many more ready-prepared, fresh frozen, and specially packaged foods than in 1947-49. The increased payments to marketing and processing agencies represent payments for additional services as well as higher costs for the same services as those performed in 1947-49. The percentage change from 1947-49 to 1968 in selected economic items is shown below:

	<i>Percentage change, 1947-49 to 1968</i>
Increase in marketing spread for fixed quantity of "market basket" foods_	+52
Increase in retail apparel and upkeep (clothing) prices_	+31
Increase in hourly earnings of food marketing employees_	+141
Increase in hourly earnings of workers in manufacturing_	+130
Increase in railroad-freight rates for farm products_	¹ +19
Increase in wholesale prices of industrial products_	+38
Increase in medical care prices_	+110
Increase in consumer price index_	+49
Increase in realized return per hour to all farm labor_	+52

To 1967.

FOOD MARKET AND ECONOMIC TRENDS

How does the increase in payments to food distribution agencies in the 21-year period compare with other marketing trends? Food marketing charges increased from 1934 to 1955 mainly because of changes in performing marketing operations. Prices of commodities in the marketing market rose, and light averaged 30 percent higher in 1955 than in 1934; prices of such services as rent, property taxes, maintenance, and telephone increased at similar rates. Freight and commodity rates were up 65 percent. Interest rates, however, declined from 1934 to 1955. Freight rates on commodities increased 10 percent from 1934 to 1955 (latest available data). Truck rates also rose. Detailed data are lacking. The increase in 1955 payments to food distribution agencies is mostly for fresh food, and especially for meat and poultry. The increase in payments to marketing and processing agencies in the 21-year period for other commodities is much smaller. The percentage change in payments to food distribution agencies in 1955 is shown below:

Meat and poultry	+53
Other fresh food	+31
Processed food	+14
Alcohol and tobacco	+13
Other commodities	+10
Transportation	+8
Marketing and processing	+11
Other services	+9
Total	+32

GENERAL INFORMATION RELATING TO AGRICULTURE

BACKGROUND ON U.S. AGRICULTURE

American agriculture has advanced more in the past 50 years than in all the prior years of our history. Modern farming and ranching, combined with a progressive system of marketing, processing, and merchandising, provide:

Abundant, wholesome food when, where, and in the forms we want it.

Farm products with new qualities for home and industry.

The foundation for continuing agricultural advances, which reach from farm to market to home or industry, is research and the hard work and ingenuity of farmers and ranchers.

Research by Government and industry is constantly improving plants and animals, providing better management of soil and water, finding new uses for farm products, and devising new and better methods of marketing, transporting, storing, and merchandising farm products. Educational services quickly carry the new knowledge to farmers and others who put it to use.

WHAT IS MODERN FARMING?

The Nation's biggest industry

Farming employs 5 million workers—more than the combined employment in transportation, public utilities, the steel industry, and the automobile industry.

Agriculture's assets total \$298 billion, equal to—

About two-thirds of the value of current assets of all corporations in the United States; or

About one-half of the market value of all corporation stocks on the New York Stock Exchange.

The value of agriculture's production assets represents about \$46,000 for each farm employee.

Three million producers

This biggest of the Nation's industries is composed of 3 million independent producers. In 1967—

1,347,000 farms (43 percent of all farms) sold less than \$2,500 worth of farm products;

360,000 (11 percent) sold farm products worth \$2,500 to \$4,999;

446,000 (14 percent) sold farm products worth \$5,000 to \$9,999;

993,000 (32 percent) sold farm products worth more than \$10,000; and

about 183,000 farms in 1967 had sales of farm products totaling more than \$40,000.

A good customer

The farmer spends nearly \$36 billion a year for goods and services to produce crops and livestock; another \$12 billion a year for the same things that city people buy—food, clothing, drugs, furniture, appliances, and other products and services.

Each year the farmer's purchases include—

Over \$4.9 billion in farm tractors and other motor vehicles, machinery, and equipment (\$1.4 billion was spent in 1963 by the primary metals industry for equipment and new plants);

\$3.9 billion for fuel, lubricants, and maintenance of machinery and motor vehicles; farming uses more petroleum than any other single industry;

\$2.1 billion for fertilizer and lime;

Products containing 320 million pounds of rubber—about 7 percent of the total used in the United States, or enough to put tires on nearly 7½ million automobiles;

32 billion kilowatt-hours of electricity—or more than 2½ percent of the Nation's total, or more than is needed annually by Baltimore, Chicago, Boston, Detroit, and Washington, D.C.; and

6½ million tons of steel in the form of farm machinery, trucks, cars, fencing, and building materials; this is one-third as much steel as the automotive industry uses.

A creator of employment

Three out of every 10 jobs in private employment are related to agriculture.

Eight million people have jobs storing, processing, and merchandising the products of agriculture.

Six million people have jobs providing the supplies farmers use.

Here are a few examples from the 1966 Survey of Manufactures:

Meat and poultry, including meatpacking, prepared meats, and poultry dressing plants—297,516 employees and a payroll of over \$1.8 billion.

Dairy, including fluid milk, concentrated and dried milk, natural cheese, creamery butter, ice cream, and special dairy products—238,868 employees and a payroll of more than \$1.4 billion.

Baking, including bread and related products and biscuits and crackers—274,394 employees and a payroll of more than \$1.7 billion.

Fruits and vegetables, canned, frozen, and processed as pickles and sauces—184,324 employees and a payroll of \$801 million.

Cotton broadwoven fabrics industry—208,629 employees and a payroll of \$960 million.

An efficient, progressive industry

One hour of farm labor produces nearly seven times as much food and other crops than it did in 1919–21. Crop production per acre and output per breeding animal have doubled.

Productivity of the American farmworker in the 1960's has increased by 6 percent a year. Output per man-hour in nonagricultural industry increased by 3 percent a year.

One farmworker produces food, fiber, and other farm commodities for himself and 44 others.

A taxpayer

In 1968—

Farm real estate taxes totaled \$2 billion;

Tax on personal property on farms was another one-third of a billion dollars;

Federal and State income taxes paid by the farm population amounted to about \$1.5 billion;

Sales taxes totaled about \$350 million.

Food supplier to the world

The United States is the world's largest exporter of agricultural products.

Seventy-one million acres of our 300 million harvested acres produce for export. The land producing for export represents about the same acreage of cropland as that harvested in Nebraska, Iowa, Kansas, and North Dakota.

\$6.3 billion in farm products were exported in 1968. The value of our farm exports since World War II exceeds \$100 billion.

Abundance works for peace

American agricultural abundance is a powerful force for world peace. Our food and other farm products are helping to relieve hunger and to promote economic growth in the newly developing countries of the world.

We accept foreign currencies from countries that need our farm products but are short of dollar exchange. We also barter or trade our agricultural products for essential foreign goods and services needed abroad.

Farming is food

Each of us in 1968 consumed these and other products of farm and ranch:

183 pounds of beef, veal, pork, lamb, and mutton.

45 pounds of chicken and turkey.

188 pounds of fruits (fresh fruit equivalent).

238 pounds of vegetables (fresh vegetable equivalent).

576 pounds of dairy products (whole milk equivalent).

112 pounds of potatoes and 6 pounds of sweetpotatoes (fresh equivalent).

We can choose from as many as 6,000 different foods when we go to market—fresh, canned, frozen, concentrated, dehydrated, ready-mixed, ready to serve, or in heat-and-serve form.

Clothing

In 1968 we used—

4.4 billion pounds of cotton, or 22 pounds per person. That's the equivalent of about 24 house dresses, or 35 dress shirts, for every man, woman, and child in the Nation;

480 million pounds of apparel and carpet wool, more than 2 pounds per person; and

Research has given these natural fibers new qualities. Specially treated cotton resists everything from wrinkles to fire. Wool can be treated to keep it from shrinking when it is washed and to retain pleats in skirts and creases in trousers.

Shelter

It takes 1 acre of healthy forest 20 years to grow the lumber for a five-room frame house.

Farmers and other small woodland owners control 59 percent of the Nation's commercial forest; three out of four forest owners are farmers.

And other products

Paper.—About 512 pounds of paper per person is used each year. This requires the net annual wood growth from about three-quarters of an acre of commercial forest. A large New York newspaper uses the equivalent of the net annual growth from 6,000 acres of commercial forest land for its Sunday issue, or the net annual growth from 500,000 acres every year.

And the day of the woodburning rocket may arrive. Nitrocellulose, derived mainly from woodpulp, is a major ingredient of some solid fuel propellants of rockets.

WHAT DOES THE FARMER RECEIVE?

For food

39 cents of each \$1 spent for food.

2.4 cents for the corn in a 31-cent box of cornflakes.

60 cents of each \$1 spent for choice beef.

2.6 cents for the wheat in a 22-cent loaf of white bread.

About 27 cents from a ½ gallon milk sold in stores for 54 cents.

For shelter

About 25 cents stumpage for each \$1 worth of pine lumber produced from his woods.

Income from his labor and capital

Farm people in 1968 received—

\$44.1 billion from sales of crops and livestock, over \$14,400 per farm; with a net income for farm operators of \$14.9 billion from farming, \$4,863 per farm;

\$2,339 of personal income per capita—\$1,299 from farm sources and \$1,040 from nonfarm sources. Per capita disposable personal income of nonfarm people was \$2,970 and \$2,168 for farm people.

\$1.38 an hour income for farmwork; by contrast, 1 hour's work in a factory averaged \$3.01 and hourly earnings in food marketing averaged \$2.70.

WHAT DO WE SPEND FOR FOOD?

From our income

17.2 percent of our disposable income went for food in 1968. In 1960, food took 20 percent of our take-home pay; 22 percent in 1940; and 24 percent in 1930.

In terms of an hour's work

One hour's work in a factory buys more food today than it did 20 or 30 years ago. Pay for 1 hour's factory labor would buy—

Round steak: 2.6 pounds in 1968; 1.5 pounds in 1948; 1.8 pounds in 1938; or

Bacon: 3.7 pounds in 1968; 1.7 pounds in 1948; 1.7 pounds in 1938; or

Milk: 11.2 quarts in 1968; 6.4 quarts in 1948; 5.4 quarts in 1938; or

Oranges: 3.1 dozen in 1968; 3.0 dozen in 1948; 2.3 dozen in 1938; or

Bread: 13.4 loaves in 1968; 9.6 loaves in 1948; 7.2 loaves in 1938.

As compared with other products

Food costs have risen less since 1947-49 than most other consumer items in the cost-of-living index. For all items in the index, the increase in cost to 1968 was 49 percent. For all food, the increase was 41 percent. For rent, it was 58 percent, and for medical care, 110 percent.

The farmer received none of the increase in the cost of the food he produced. His return from the foods in the family market basket was down 2 percent in 1968 from 1947-49, although, the retail cost of this market basket rose 26 percent. Cost of processing and marketing these foods has increased 52 percent since 1947-49.

(The foregoing material was prepared by Office of Information, U.S. Department of Agriculture, Washington, D.C., April, 1968.)

DEPARTMENT OF AGRICULTURE EXPENDITURES FOR FARMERS, FOR CONSUMERS, FOR BUSINESS

The annual appropriations to the Department of Agriculture benefit directly or indirectly a broad segment of the U.S. population and the people of many underdeveloped countries abroad. Farmers are by no means the prime benefactors of the Department's programs and services. Actually, nonfarmers participate in a larger share of this Department's expenditures than farmers themselves.

About 55 percent of Department of Agriculture expenditures, in the 1970 budget, are for services which are of primary benefit to the general public. Around 45 percent goes for price support and related programs in which farmers are the primary but not the only beneficiaries.

The following tables show a breakdown of Agriculture's budget outlays by groups benefiting:

BUDGET OUTLAYS—FISCAL YEARS 1968 AND ESTIMATED 1969 AND 1970

[In millions]

	1968	1969 estimate	1970 estimate
Programs which clearly provide benefits to consumers, businessmen, and the general public (total).....	\$3,857	\$3,798	\$3,885
Other programs which are predominantly for stabilization of farm income, but which also benefit others (total).....	3,451	3,852	3,139

BREAKDOWN OF TOTALS

[In millions]

	1968	1969 estimate	1970 estimate
PROGRAMS WHICH CLEARLY PROVIDE BENEFITS TO CONSUMERS, BUSINESSMEN, AND THE GENERAL PUBLIC			
Programs having foreign relations and defense aspects:			
Sales of agricultural commodities for foreign currencies and for dollars on credit terms (title I, Public Law 480).....	\$860	\$661	\$560
Commodities and other costs in connection with donations abroad (title II, Public Law 480).....	344	376	365
Transfer of bartered materials to supplemental stockpile (net).....	24	-2	-3
Donations of dairy products to armed services and others.....	15	17	20
Other.....		1	
Total.....	1,243	1,053	942
Food distribution programs (domestic):			
Commodities distributed to the needy and others.....	394	592	717
Food stamp program.....	185	273	338
Child nutrition programs.....	217	246	368
Special milk program.....	104	104	15
Total.....	900	1,215	1,438
REA and FHA repayable loans:			
REA loans.....	495	528	555
Repayments of principal and interest.....	-304	-296	-306
FHA loans.....	104	-191	-274
Salaries and expenses for loan programs.....	77	80	106
Total.....	372	121	81
Long-range programs for the improvement of agricultural and natural resources:			
Forestry.....	188	189	162
Agricultural and forestry research.....	270	264	264
Plant and animal disease and pest control.....	84	88	89
Soil and water resource protection and development:			
Agricultural conservation program.....	252	249	242
All other.....	276	307	303
Cooperative agricultural extension work.....	90	97	101
Inspection of commodities and other marketing services.....	92	121	144
All other.....	90	94	119
Total.....	1,342	1,409	1,424
Total.....	3,857	3,798	3,885
OTHER PROGRAMS WHICH ARE PREDOMINANTLY FOR STABILIZ- ATION OF FARM INCOME BUT WHICH ALSO BENEFIT OTHERS			
CCC price-support and related programs:			
CCC loan, purchase, export, and related programs.....	473	511	-361
Storage, handling, and transportation expenses.....	92	140	151
Interest expense (net).....	311	299	290
Acreage diversion payments:			
Feed grains.....	510	595	632
Wheat.....		35	80
Cotton.....	244	103	31
Price-support payments:			
Feed grains.....	322	628	710
Cotton.....	611	642	799
Wheat certificate program.....	342	361	348
National Wool Act program.....	70	62	56
Total.....	2,975	3,376	2,736
Cropland adjustment program adjustment payments.....	79	77	78
Conservation reserve program.....	122	109	40
Federal Crop Insurance program (net).....	15	1	
Sugar Act program.....	84	96	96
Salaries and expenses for above programs.....	176	193	189
Total.....	3,451	3,852	3,139
Grand total.....	7,308	7,650	7,024

In the 1970 budget, the man-years of employment in the Department of Agriculture are estimated for fiscal year 1970 at 108,795. About 95 percent of these man-years is for work which provides benefits to business and the general public far more than to farmers.

There are 3,286 man-years in the overall staff and services offices. The remainder of the 108,795 are distributed as follows:

Forest Service.....	¹ 34, 834
Agricultural Research and Extension Service.....	16, 617
Soil Conservation Service.....	17, 377
Consumer and Marketing Service.....	16, 039
Farmers Home Administration.....	² 9, 683
Agricultural Stabilization and Conservation Service.....	³ 4, 707
Statistical Reporting Service.....	1, 486
Crop Insurance.....	1, 307
Economic Research Service.....	1, 156
Rural Electrification Administration.....	901
Foreign Agricultural Service.....	⁴ 1, 098
Commodity Exchange Authority.....	190
Farmers Cooperative Service.....	114

¹ Includes 3,054 man-years of employment under allocations from Office of Economic Opportunity.

² Includes 350 man-years of employment under allocations from Office of Economic Opportunity.

³ Excludes employees of ASC county committees.

⁴ Includes 123 man-years for International Agricultural Development Service.

FARM INCOME AND OTHER SELECTED DATA

Farm operators realized a net income of \$14.9 billion in 1968 compared with \$14.2 billion in 1967. The increase from 1967 resulted from substantially higher total cash receipts from farming which more than offset a \$1.1 billion rise in farm production expenses. Realized net income of farm operators from farming is the amount available for spending or investing after allowing for production expenses. It does not include an adjustment for the net value of the physical change in crop and livestock inventories.

Cash receipts from farm marketings in 1968 rose \$1.3 billion over the \$42.8 billion in 1967. In addition, direct Government payments to farmers were up about \$400 million in 1968 to a total of \$3,462 million.

Gross income realized from farming rose to a record \$50.8 billion, up \$1.7 billion from 1967. This increase in realized gross income more than offset the rise in farm production expenses. The increase in farm production expenses was due to advances in current operating expenses and in overhead costs.

In 1968 there was a net increase of farm inventories. Total net income of farm operators—the sum of realized net farm income and inventory change—reached \$15.4 billion in 1968, about 5 percent higher than in 1967.

Realized net income per farm from farming was \$4,863 in 1968 compared with \$4,526 in 1967. The increase in income was mainly responsible for the higher income per farm, although the number of farms also continued to decline.

The disposable personal income per capita of the farm population from farm and nonfarm sources combined rose in 1968 to an estimated \$2,168 from \$2,037 in 1967. An increase in farm income in 1968 increased opportunities off the farm, and a continued drop in the farm population all contributed to the rise in per capita income. As a percentage of nonfarm, the per capita disposable personal income of the farm population in 1968 was 73 percent compared with 73 percent in 1967 and 75 percent in 1966.

CASH RECEIPTS FROM FARMING, 1967-68

[In thousands of dollars]

State and region	Farm marketings		Government payments		Total	
	1967	1968	1967	1968	1967	1968
Maine.....	212,397	207,684	2,145	2,044	214,542	209,728
New Hampshire.....	56,090	57,536	675	655	56,765	58,191
Vermont.....	136,931	143,148	1,715	1,531	138,646	144,679
Massachusetts.....	156,048	158,841	656	716	156,704	159,557
Rhode Island.....	19,537	19,982	76	75	19,613	20,057
Connecticut.....	159,844	160,111	887	835	160,731	160,946
New York.....	994,103	1,030,264	20,215	22,175	1,014,318	1,052,439
New Jersey.....	251,976	258,071	4,201	4,534	256,177	262,605
Pennsylvania.....	888,285	909,953	21,191	23,858	909,476	933,811
North Atlantic region.....	2,875,211	2,945,590	51,761	56,423	2,926,972	3,002,013
Ohio.....	1,234,297	1,237,926	70,355	94,711	1,304,652	1,332,637
Indiana.....	1,391,590	1,371,691	77,317	120,206	1,468,907	1,491,897
Illinois.....	2,532,229	2,591,478	97,674	160,928	2,629,903	2,752,406
Michigan.....	855,331	866,751	56,039	65,315	911,370	932,066
Wisconsin.....	1,420,109	1,469,191	41,227	51,707	1,461,336	1,520,898
East north central.....	7,433,556	7,537,037	342,612	492,867	7,776,168	8,029,904
Minnesota.....	1,830,744	1,812,786	95,251	134,509	1,925,995	1,947,295
Iowa.....	3,437,492	3,522,982	142,839	246,280	3,580,331	3,769,262
Missouri.....	1,342,432	1,373,531	115,838	141,280	1,458,270	1,514,811
North Dakota.....	717,388	728,391	130,850	140,242	848,238	868,633
South Dakota.....	924,060	960,525	65,944	88,760	990,004	1,049,285
Nebraska.....	1,735,421	1,691,925	134,514	185,260	1,869,935	1,877,185
Kansas.....	1,480,257	1,552,501	212,379	228,176	1,692,636	1,780,677
West north central.....	11,467,794	11,642,641	897,615	1,164,507	12,365,409	12,807,148
Delaware.....	131,953	124,945	1,567	2,048	133,520	126,993
Maryland.....	328,087	344,002	5,317	6,775	333,404	350,777
Virginia.....	512,486	510,064	17,582	17,853	530,068	527,917
West Virginia.....	93,679	99,474	3,884	6,542	97,563	106,016
North Carolina.....	1,279,734	1,195,873	61,696	61,592	1,341,430	1,257,465
South Carolina.....	424,836	376,328	57,437	52,989	482,273	429,317
Georgia.....	1,033,113	1,025,878	77,825	80,187	1,110,938	1,106,065
Florida.....	1,062,212	1,218,309	17,643	19,872	1,079,855	1,238,181
South Atlantic region.....	4,866,100	4,894,873	242,951	247,858	5,109,051	5,142,731
Kentucky.....	820,861	771,971	41,527	47,613	862,388	819,584
Tennessee.....	601,308	619,459	73,783	70,093	675,091	689,552
Alabama.....	593,854	637,632	89,180	84,603	683,034	722,235
Mississippi.....	780,876	794,163	146,914	122,943	927,790	917,106
Arkansas.....	851,260	954,636	103,289	80,838	954,549	1,035,474
Louisiana.....	594,074	632,295	55,463	50,693	649,537	682,988
Oklahoma.....	806,722	843,120	112,097	108,414	918,819	951,534
Texas.....	2,521,983	2,706,975	462,163	465,422	2,984,146	3,172,397
South central region.....	7,570,938	7,960,251	1,084,416	1,030,619	8,655,354	8,990,870
Montana.....	487,969	476,873	69,098	74,128	557,067	551,001
Idaho.....	519,898	529,190	37,070	39,884	556,968	569,074
Wyoming.....	200,817	212,755	11,098	14,525	211,915	227,280
Colorado.....	885,283	948,721	57,606	62,921	942,889	1,011,642
New Mexico.....	317,419	338,633	33,315	35,963	350,734	374,596
Arizona.....	527,519	555,234	46,785	44,665	574,304	599,899
Utah.....	190,591	190,406	8,954	10,868	199,545	201,274
Nevada.....	57,383	59,054	1,687	1,985	59,070	61,039
Washington.....	781,679	794,898	52,321	50,106	834,000	845,004
Oregon.....	523,643	506,550	22,627	22,604	546,270	529,154
California.....	3,879,211	4,263,214	110,289	100,729	3,989,500	4,363,943
Western region.....	8,371,412	8,875,528	450,850	458,378	8,822,262	9,333,906
Alaska.....	4,260	4,067	70	122	4,330	4,189
Hawaii.....	198,960	205,226	8,554	11,257	207,514	216,483
United States.....	42,788,231	44,065,213	3,078,829	3,462,031	45,867,060	47,527,244

PARITY RATIO—PRICES RECEIVED AND PAID BY FARMERS, 1929-68

Year	Prices received by farmers			Prices paid by farmers			Parity ratio ¹	
	All farm products	Crops	Livestock and products	All items, interest, taxes, and wage rates (parity index)	Family living items	Production items	Actual percent	Adjusted percent ²
	1957-59=100							
1929	61	61	62	55	54	56	92	(3)
1930	52	52	52	52	50	52	83	(3)
1931	36	34	38	44	43	43	67	(3)
1932	27	26	28	38	37	38	58	(3)
1933	29	32	27	37	38	38	64	66
1934	37	44	32	41	43	44	75	80
1935	45	46	44	42	43	46	88	95
1936	47	49	46	42	43	46	92	95
1937	51	53	49	45	45	50	93	97
1938	40	36	43	42	43	47	78	83
1939	39	37	41	42	42	46	77	85
1940	42	41	42	42	42	47	81	88
1941	51	48	53	45	45	50	93	98
1942	66	65	66	52	52	57	105	109
1943	⁴ 80	84	⁴ 77	58	58	63	113	116
1944	⁴ 82	89	⁴ 76	62	61	66	108	110
1945	⁴ 86	91	⁴ 82	65	64	67	109	111
1946	⁴ 98	102	⁴ 94	71	71	73	113	115
1947	114	118	111	82	83	85	115	116
1948	119	114	122	89	88	95	110	111
1949	103	100	106	86	85	91	100	100
1950	107	104	108	87	86	94	101	102
1951	125	119	130	96	94	104	107	108
1952	119	120	119	98	95	104	100	101
1953	105	108	104	95	94	97	92	93
1954	102	108	97	95	94	97	89	89
1955	96	104	90	94	95	96	84	85
1956	95	105	88	95	96	95	83	84
1957	97	101	94	98	99	98	82	85
1958	104	100	106	100	100	100	85	88
1959	99	99	100	102	101	102	81	82
1960	99	99	98	102	102	101	80	81
1961	99	102	98	103	102	101	79	83
1962	101	104	99	105	103	103	80	83
1963	100	107	95	107	104	104	78	81
1964	98	107	91	107	105	103	76	80
1965	103	104	101	110	107	105	77	82
1966	110	106	113	114	110	108	80	86
1967	104	100	107	116	113	109	74	79
1968	108	102	112	121	117	111	73	79

¹ Percentage ratio of index of prices received to index of prices paid, including interest, taxes, and wage rates on 1910-14 base.

² The adjusted parity ratio reflects Government payments made directly to farmers.

³ Not available.

⁴ Includes wartime subsidies paid on beef cattle, sheep, lambs, milk, and butterfat between October 1943 and June 1946. The official indexes are published on a 1910-14=100 base as required by law. The indexes have been converted to 1957-59=100 for the above table to facilitate comparison with other indexes.

Source: Department of Agriculture.

The parity ratio and the adjusted parity ratio:

Parity ratio.—The parity ratio is computed by dividing the index of prices received by farmers by the index of prices paid by farmers, including interest, taxes, and farm wage rates. It measures the extent to which prices farmers receive for farm products are on the average higher or lower in relation to the prices they pay for goods and services than they were in the base period 1910-14. This is strictly and solely a price comparison.

Adjusted Parity Ratio.—In view of the importance of nonprice income supplements or recent years, such as payments from Federal farm programs, a summary figure somewhat comparable to the parity ratio that incorporates and reflects these supplements to farm income has been developed by the Department of Agriculture. It is identified as an "Adjusted Parity Ratio." It allows for direct Government payments made to farmers, and starts with the year 1933, the first year when such payments were made.

FARM INCOME, SELECTED YEARS, 1920-68¹

[In millions of dollars]

Year	Cash receipts from marketings	Realized gross farm income ¹	Production expenses	Realized net income ²	Year	Cash receipts from marketings	Realized gross farm income ¹	Production expenses	Realized net income ²
1920	12,600	15,944	8,837	7,107	1947	29,620	34,146	17,032	17,114
1925	11,021	13,716	7,347	6,369	1948	30,227	34,722	18,790	15,932
1926	10,558	13,302	7,372	5,930	1949	27,805	31,628	17,982	13,646
1928	10,991	13,598	7,757	5,841	1950	28,461	32,271	19,410	12,861
1929	11,312	13,938	7,664	6,274	1951	32,858	37,055	22,252	14,803
1930	9,055	11,472	6,944	4,528	1952	32,528	36,759	22,630	14,129
1931	6,381	8,421	5,537	2,884	1953	31,001	34,986	21,275	13,711
1932	4,748	6,405	4,483	1,922	1954	29,832	33,589	21,577	12,012
1933	5,332	7,102	4,358	2,749	1955	29,490	33,138	21,889	11,249
1934	6,357	8,568	4,715	3,853	1956	30,401	34,274	22,374	11,900
1935	7,120	9,696	5,116	4,580	1957	29,714	34,001	23,294	10,707
1936	8,391	10,756	5,642	5,114	1958	33,456	37,911	25,236	12,675
1937	8,864	11,367	6,178	5,189	1959	33,511	37,468	26,106	11,362
1938	7,723	10,149	5,920	4,229	1960	34,154	38,088	26,352	11,736
1939	7,872	10,585	6,266	4,319	1961	35,089	39,771	27,125	12,646
1940	8,382	11,059	6,858	4,201	1962	36,356	41,258	28,639	12,619
1941	11,111	13,851	7,781	6,070	1963	37,398	42,271	29,688	12,583
1942	15,565	18,794	10,040	8,754	1964	37,233	42,567	29,481	13,086
1943	19,620	23,397	11,608	11,789	1965	39,350	44,926	30,933	13,993
1944	20,536	24,448	12,333	12,115	1966	43,180	49,597	33,404	16,193
1945	21,663	25,813	13,062	12,751	1967	42,788	49,061	34,820	14,241
1946	24,802	29,539	14,500	15,039	1968	44,065	50,752	35,900	14,852

¹ Includes cash receipts from marketings, Government payments, value of home consumption, and rental value of dwellings.² Realized gross farm income minus total production expenses.

TOTAL POPULATION AND FARM POPULATION, SELECTED YEARS, 1910-68

Year (Apr. 1)	Total population including Armed Forces overseas ¹ (thousands)	Farm population		Year (Apr. 1)	Total population including Armed Forces overseas ¹ (thousands)	Farm population	
		Number (thousands)	Percent of total			Number (thousands)	Percent of total
1910	91,885	32,007	34.9	1945	139,583	24,420	17.5
1914	98,645	32,320	32.8	1946	141,039	25,403	18.0
1917	103,052	32,430	31.5	1947	143,480	25,829	18.0
1918	104,266	31,950	30.6	1948	146,051	24,383	16.7
1919	104,935	31,200	29.7	1949	148,595	24,194	16.3
1920	106,089	31,974	30.1	1950	151,133	23,048	15.3
1921	108,023	32,123	29.7	1951	153,631	21,890	14.2
1925	115,402	31,190	27.0	1952	156,346	21,748	13.9
1929	121,453	30,580	25.2	1953	158,942	19,874	12.5
1930	122,775	30,529	24.9	1954	161,718	19,019	11.8
1931	123,841	30,845	24.9	1955	164,606	19,078	11.6
1932	124,658	31,388	25.2	1956	167,546	18,712	11.2
1933	125,401	32,393	25.8	1957	170,568	17,656	10.4
1934	126,192	32,305	25.6	1958	173,444	17,128	9.9
1935	127,057	32,161	25.3	1959	176,394	16,592	9.4
1936	127,886	31,737	24.8	1960	180,007	15,635	8.7
1937	128,649	31,266	24.3	1961	183,043	14,803	8.1
1938	129,589	30,980	23.9	1962	185,979	14,313	7.7
1939	130,642	30,840	23.6	1963	188,741	13,367	7.1
1940	131,820	30,547	23.2	1964	191,462	12,954	6.8
1941	133,098	30,118	22.6	1965	193,983	12,363	6.4
1942	134,498	28,914	21.5	1966	196,344	11,595	5.9
1943	136,297	26,186	19.2	1967	198,608	10,817	5.4
1944	138,027	24,815	18.0	1968	200,658	10,454	5.2

¹ Provided by the Bureau of the Census. Figures for 1910-16 and 1920-39 exclude the probably negligible number of Armed Forces overseas. Includes Alaska and Hawaii 1960 to date.

Source: Economic Research Service, USDA, and Bureau of the Census.

PERSONAL INCOME OF THE FARM POPULATION, AND FARM POPULATION AS A PERCENTAGE OF THE TOTAL POPULATION, 1934-68

Year	Personal income of farm population				Farm popu- lation as a percentage of total population ⁴
	From farm sources ¹	Total from all sources ²	As a percentage of total personal income ³		
			From farm sources	From all sources	
	Millions	Millions	Percent	Percent	Percent
1934	\$3,188	\$5,374	5.9	10.0	25.6
1935	5,423	7,730	9.0	12.8	25.3
1936	4,592	7,232	6.7	10.5	24.8
1937	6,228	8,976	8.4	12.1	24.2
1938	4,702	7,177	6.9	10.5	23.8
1939	4,751	7,361	6.5	10.1	23.5
1940	4,838	7,597	6.2	9.7	23.1
1941	6,823	10,080	7.1	10.5	22.6
1942	10,149	14,090	8.3	11.5	21.4
1943	12,120	16,481	8.0	10.9	19.2
1944	12,201	16,636	7.4	10.1	17.9
1945	12,807	17,212	7.5	10.1	17.5
1946	15,475	20,026	8.7	11.2	18.0
1947	15,836	21,133	8.3	11.0	17.9
1948	17,977	23,792	8.6	11.3	16.6
1949	13,284	19,476	6.4	9.4	16.2
1950	14,103	20,366	6.2	8.9	15.2
1951	16,190	22,701	6.3	8.9	14.2
1952	15,352	19,790	5.6	8.1	13.8
1953	13,353	19,790	4.6	6.9	12.4
1954	12,509	18,443	4.3	6.4	11.7
1955	11,382	17,579	3.7	5.7	11.5
1956	11,219	17,803	3.4	5.3	11.1
1957	11,041	17,657	3.1	5.0	10.3
1958	12,800	19,481	3.5	5.4	9.8
1959	11,009	18,059	2.9	4.7	9.4
1960	11,526	18,679	2.9	4.7	8.7
1961	12,195	19,738	2.9	4.7	8.1
1962	12,254	20,449	2.8	4.6	7.7
1963	12,109	20,619	2.6	4.4	7.1
1964	11,334	20,639	2.3	4.1	6.7
1965	13,546	23,591	2.5	4.4	6.4
1966	14,317	24,771	2.4	4.2	5.9
1967	13,014	23,742	2.1	3.8	5.4
1968	13,582	24,447	2.0	3.6	5.2

¹ Total net income of farm resident operators, including Government payments; and wages, salaries, and other labor income of farm resident workers from farm sources.

² Includes, in addition to income of farm population from farming, wages and salaries from nonfarm employment, nonfarm business and professional income, rents from nonfarm real estate, interest, dividends, etc.

³ Of the farm and nonfarm population.

⁴ Farm population as of April 1 and total population as of July 1 are taken as the closest readily available approximations of their respective annual averages.

Source: Economic Research Service, USDA.

DISTRIBUTION OF PERSONAL INCOME BETWEEN THE FARM AND NONFARM POPULATION, UNITED STATES, SELECTED YEARS

Item	Unit	1935-39	1947-49	1957-59	1960	1961	1962	1963	1964	1965	1966	1967	1968 ¹
Personal income of persons on farms:													
From farming ²	Million dollars	5,139	15,699	11,617	11,526	12,195	12,254	12,109	11,334	13,546	14,317	13,014	13,582
From nonfarm sources ³	do	2,556	5,768	6,782	7,153	7,543	8,195	8,510	9,305	10,045	10,454	10,728	10,865
Total	do	7,695	21,467	18,399	18,679	19,738	20,449	20,619	20,639	23,591	24,771	23,742	24,447
Per capita	Dollars	245	866	1,075	1,195	1,333	1,429	1,543	1,593	1,903	2,136	2,195	2,339
Index numbers of prices paid for family living	1957-59=100	43	85	100	102	102	103	104	105	107	110	113	117
Purchasing power	Dollars	570	1,019	1,075	1,172	1,307	1,387	1,484	1,517	1,783	1,942	1,942	1,999
Per capita to persons on farms from farming	do	164	633	679	737	824	856	906	875	1,096	1,235	1,205	1,299
Disposable personal income of nonfarm population ⁴	Million dollars	58,803	162,322	304,501	332,840	346,271	366,545	385,753	419,159	451,338	488,660	524,310	566,338
Per capita	Dollars	661	1,331	1,938	2,017	2,050	2,127	2,191	2,340	2,477	2,637	2,784	2,970
Consumer's price index for moderate-income families in large cities	1957-59=100	48.7	81.5	100	103.1	104.2	105.4	106.7	108.1	109.9	113.1	116.3	121.2
Purchasing power	Dollars	1,234	1,633	1,938	1,956	1,967	2,018	2,053	2,165	2,254	2,332	2,394	2,450
Total disposable personal income	Million dollars	66,374	182,519	321,555	350,044	364,424	385,267	404,604	438,096	473,240	511,568	546,347	589,000
Per capita	Dollars	514	1,244	1,864	1,937	1,983	2,064	2,136	2,280	2,432	2,598	2,744	2,928

¹ Preliminary.

² Returns from farming operations, including Government payments to resident farm operators, plus wages and other labor income from farming to hired workers living on farms.

³ Includes all income received by farm residents from nonfarm sources.

⁴ Total disposable personal income of the United States minus personal disposable income of the farm population.

Source: Economic Research Service, USDA.

TOTAL FARM PRODUCTION EXPENSES, UNITED STATES, SELECTED YEARS, 1910-68
[In millions of dollars]

Year	Feed purchased	Livestock purchased ¹	Fertilizer and lime	Repairs and operation of farm capital items ²	Deprecia- tion on buildings and equip- ment ³	Hired labor ⁴	Taxes on farm property	Farm mortgage interest	Rent ⁵	Other ⁶	Total
1910	426	199	152	251	416	755	195	203	320	614	3,531
1912	419	217	161	278	469	789	225	252	343	680	3,833
1920	1,254	422	390	695	1,211	1,790	556	574	504	1,441	8,837
1921	710	202	249	550	1,039	1,170	586	653	304	1,175	6,638
1929	919	504	300	886	916	1,300	651	582	486	1,120	7,664
1933	422	199	120	554	644	617	438	472	158	734	4,358
1939	732	465	273	959	781	988	456	305	379	928	6,266
1942	1,625	877	417	1,289	1,335	1,631	466	272	890	1,238	10,040
1946	3,022	1,170	683	2,054	1,189	2,532	617	219	1,401	1,613	14,500
1947	3,746	1,379	755	2,468	1,553	2,783	733	225	1,455	1,935	17,032
1948	3,996	1,589	826	2,818	2,002	2,990	806	232	1,370	2,161	18,790
1949	3,024	1,529	895	2,896	2,365	2,806	872	243	1,107	2,245	17,982
1950	3,283	2,004	975	2,975	2,665	2,811	919	264	1,233	2,281	19,410
1951	4,144	2,437	1,064	3,282	3,147	2,921	983	291	1,368	2,615	22,252
1952	4,331	1,918	1,184	3,506	3,326	2,857	1,033	318	1,421	2,736	22,630
1953	3,770	1,320	1,178	3,541	3,454	2,736	1,060	345	1,214	2,657	21,275
1954	3,906	1,563	1,209	3,506	3,581	2,596	1,084	371	1,159	2,602	21,577
1955	3,880	1,539	1,185	3,600	3,700	2,615	1,141	402	1,057	2,770	21,889
1956	3,894	1,610	1,166	3,785	3,723	2,641	1,178	442	1,109	2,826	22,374
1957	4,035	1,934	1,166	3,917	3,913	2,734	1,242	482	1,029	2,842	23,294
1958	4,541	2,702	1,206	3,921	4,011	2,842	1,306	521	1,161	3,025	25,236
1959	4,744	2,693	1,291	4,069	4,228	2,882	1,401	572	1,011	3,215	26,106
1960	4,923	2,502	1,315	3,966	4,244	2,923	1,502	628	1,010	3,339	26,352
1961	5,121	2,730	1,373	3,858	4,217	2,977	1,597	686	1,109	3,457	27,125
1962	5,575	3,106	1,474	3,944	4,348	2,961	1,684	759	1,132	3,656	28,639
1963	6,128	2,917	1,570	3,942	4,471	2,990	1,763	846	1,193	3,868	29,688
1964	5,715	2,420	1,701	3,940	4,703	2,913	1,833	952	1,223	4,081	29,481
1965	5,749	2,913	1,754	4,073	4,982	2,849	1,943	1,077	1,328	4,265	30,933
1966	6,323	3,499	1,973	4,251	5,284	2,884	2,108	1,205	1,426	4,451	33,404
1967	6,543	3,413	2,161	4,443	5,741	2,868	2,242	1,334	1,317	4,758	34,820
1968 ⁷	6,257	3,600	2,100	4,590	6,111	2,977	2,397	1,480	1,308	5,080	35,900

¹ Excluding horses and mules.

² Includes repairs to and maintenance of farm buildings and operation and maintenance of motor vehicle and other machinery.

³ Includes accidental damage by fire, wind, hail, or flood.

⁴ Includes cash wages and value of perquisites.

⁵ Net rent due to landlords not living on farms. Includes Government payments to such landlords.

⁶ Comprises horses and mules, marketing charges, seed, pesticides, containers, electricity and telephones (business share), binding materials, ginning, irrigation charges, grazing fees, net insurance premiums (fire, crop, windstorm, and hail), blacksmithing, miscellaneous hardware, miscellaneous greenhouse and nursery expenses, veterinary bills and medicines, and short-term interest.

⁷ Preliminary.

Source: Economic Research Service, USDA.

SELECTED DATA RELATING TO AGRICULTURE, UNITED STATES, SELECTED YEARS

Item	Base or unit	Calendar year											
		1935-39	1947-49	1957-59	1960	1961	1962	1963	1964	1965	1966	1967	1968 ¹
Volume of agricultural marketings and home consumption (total)													
All food	1957-59=100	63	87	100	107	108	109	114	116	116	118	121	122
Farm output (total)	1957-59=100	65	87	100	104	107	107	111	113	114	116	121	122
Farm prices and wages:	1957-59=100	64	85	100	106	107	108	112	111	114	113	118	120
Prices received by farmers	1957-59=100	44	112	100	99	99	101	100	98	103	110	104	108
Prices paid, interest, taxes, and wages	1957-59=100	43	86	100	102	103	105	107	107	110	114	116	121
Parity price ratio	1910-14=100	86	108	83	80	80	80	78	76	77	80	74	73
Farm wage rates	1957-59=100	21	74	100	109	110	114	116	119	125	135	146	158
Production cost rates	1957-59=100	47	90	100	101	101	103	104	103	105	108	109	111
Weekly earnings of production workers	Dollar	22.20	52.06	86.63	89.72	92.34	96.56	99.63	102.97	107.53	111.92	114.90	121.60
Farm income:													
Cash from marketings	Billion dollars	8.0	29.2	32.2	34.2	35.1	36.4	37.4	37.2	39.4	43.2	42.8	44.1
Realized gross income ²	do	10.5	33.5	36.5	38.1	39.8	41.3	42.3	42.6	44.9	49.6	49.1	50.8
Production expenses	do	5.8	17.9	24.9	26.4	27.1	28.6	29.7	29.5	30.9	33.4	34.8	35.9
Realized net income	do	4.7	15.6	11.6	11.7	12.6	12.6	12.6	13.1	14.0	16.2	14.2	14.9
Personal income, all farm people:													
From farming ³	do	5.2	15.9	11.6	11.5	12.2	12.2	12.1	11.3	13.5	14.3	13.0	13.6
From nonfarm sources ⁴	do	2.6	5.8	6.8	7.2	7.5	8.2	8.5	9.3	10.1	10.5	10.7	10.8
From all sources	do	7.8	21.7	18.4	18.7	19.7	20.4	20.6	20.6	23.6	24.8	23.7	24.4
Per capita disposable personal income, persons on farms ⁵	Dollar	241	815	997	1,100	1,226	1,308	1,410	1,462	1,772	1,976	2,037	2,168
Per capita disposable personal income, nonfarm population ⁵	do	601	1,335	1,937	2,017	2,050	2,127	2,191	2,340	2,477	2,637	2,784	2,970

¹ Preliminary.² Includes cash from marketings, Government payments, value of home consumption, and rental value of dwellings.³ Returns from farming operations including Government payments to resident farm operators, plus wages and other labor income from farming to hired workers living on farms.⁴ Includes all income received by farm residents from nonfarm sources.⁵ Personal disposable income from all sources.

Source: Economic Research Service, USDA.

MAJOR CROPS¹

WHEAT: ACREAGE, YIELD, SUPPLY, AND DISAPPEARANCE, SELECTED YEARS, 1927-28 TO 1968-69

Crop year	Acreage (thousands)		Yield per acre harvested (bushels)	Supply (million bushels)		Disappearance (million bushels)		Price (cents per bushel)			
	Planted	Harvested		Production	Stocks July 1 ²	Total	Domestic ³	Net exports ⁴	Total	U.S. farm	Kansas City ⁵
1927-28	65,661	59,628	14.7	875	109	984	680	191	871	118	135
1928-29	71,152	59,226	15.4	914	113	1,027	656	44	800	99	112
1932-33	66,281	57,851	13.1	756	375	1,131	721	32	753	38	51
1933-34	69,009	49,424	11.2	552	378	930	631	26	657	74	88
1938-39	78,981	69,197	13.3	920	153	1,073	716	107	823	56	70
1939-40	62,802	52,669	14.1	714	250	991	606	45	711	69	74
1940-41	61,820	53,273	15.3	815	280	1,095	680	30	710	67	82
1941-42	62,707	55,935	16.8	942	385	1,327	672	24	696	94	112
1942-43	53,000	49,773	19.5	969	631	1,600	954	27	981	109	126
1943-44	55,984	51,355	16.4	844	619	1,463	1,240	-94	1,146	135	145
1944-45	66,190	59,749	17.7	1,060	317	1,377	996	102	1,098	141	156
1945-46	69,192	65,167	17.0	1,108	279	1,387	898	389	1,287	149	160
1946-47	71,578	67,105	17.2	1,152	100	1,252	771	397	1,168	190	209
1947-48	78,314	74,519	18.2	1,359	84	1,443	761	486	1,247	229	252
1948-49	78,345	72,418	17.9	1,295	196	1,491	682	502	1,184	198	219
1949-50	83,905	75,910	14.5	1,098	307	1,405	683	297	980	188	216
1950-51	71,287	61,607	16.5	1,019	425	1,444	690	354	1,044	200	228
1951-52	78,524	61,873	16.0	988	400	1,388	688	444	1,132	211	243
1952-53	78,645	71,130	18.4	1,306	256	1,562	660	296	956	209	232
1953-54	78,931	67,840	17.3	1,173	606	1,779	663	212	845	204	227
1954-55	62,539	54,356	18.1	984	934	1,918	613	269	882	212	237
1955-56	58,246	47,290	19.8	937	1,036	1,973	604	336	940	198	218
1956-57	60,655	49,768	20.2	1,005	1,033	2,038	587	542	1,129	197	221
1957-58	49,843	43,754	21.8	956	909	1,865	592	392	984	193	215
1958-59	56,017	53,047	27.5	1,457	881	2,338	609	435	1,044	175	194
1959-60	56,706	51,716	21.6	1,118	1,295	2,413	597	503	1,100	176	200
1960-61	54,906	51,879	26.1	1,355	1,313	2,668	603	653	1,256	174	194
1961-62	55,707	51,571	23.9	1,232	1,411	2,643	608	714	1,322	183	205
1962-63	49,274	43,688	25.0	1,092	1,322	2,414	580	644	1,224	204	225
1963-64	53,364	45,506	25.2	1,147	1,195	2,342	588	856	1,444	185	194
1964-65	55,672	49,762	25.8	1,283	901	2,184	644	725	1,369	137	157
1965-66	57,361	49,560	26.5	1,316	817	2,133	731	867	1,598	135	161
1966-67	54,395	49,867	26.3	1,312	535	1,847	679	742	1,421	163	185
1967-68	67,796	58,771	25.9	1,522	425	1,947	651	762	1,413	139	159
1968-69 ⁶	62,595	55,309	28.4	1,570	537	2,107	755	750	1,505	122	146

¹ The tables on pp. 33 through 41 have been revised to incorporate 1964 census information which became available in 1966. In some instances this has required revisions of estimates back to 1959—the date of the previous census.

² Contains some new wheat (about 15,000,000 to 20,000,000 bushels) for years prior to 1937.

³ Total U.S. disappearance, including shipments to possessions.

⁴ Exports include flour and other products in terms of wheat.

⁵ No. 2 Hard Winter wheat.

⁶ Preliminary.

Source: Statistical Reporting Service and Economic Research Service, USDA.

CORN (GRAIN ONLY)—ACREAGE, YIELD, SUPPLY, AND DISAPPEARANCE, SELECTED YEARS, 1927-28 TO 1968-69

Crop year	Acreage (thousands)		Yield per acre harvested (bushels)	Supply (million bushels)		Total	Disappearance (million bushels)		Price (cents per bushel)	
	Planted, all purposes	Harvested for grain		Production	Stocks, Oct. 1		Domestic	Net exports ¹	U.S. farm ²	No. 3 Yellow, Chicago
1927-28	98,460	83,915	26.4	2,218	217	2,435	2,312	29	80.4	99.8
1928-29	100,399	85,832	26.3	2,261	94	2,355	2,156	52	79.8	92.6
1932-33	113,024	97,213	26.5	2,579	270	2,849	2,450	12	29.2	34.5
1933-34	109,830	92,130	22.8	2,105	387	2,492	2,145	8	49.4	49.7
1938-39	94,473	82,788	27.8	2,300	361	2,661	2,036	42	46.9	48.4
1939-40	91,639	78,307	29.9	2,342	584	2,926	2,182	56	54.2	54.3
1940-41	88,692	76,443	28.9	2,207	688	2,895	2,227	23	60.1	66.9
1941-42	86,837	77,404	31.2	2,414	545	3,059	2,540	29	73.6	79.3
1942-43	88,818	79,213	35.4	2,802	491	3,293	2,918	21	89.4	90.8
1943-44	94,341	81,906	32.6	2,668	384	3,052	2,810	12	108.0	114.3
1944-45	95,475	85,002	33.0	2,802	231	3,033	2,700	17	103.0	115.2
1945-46	89,261	77,928	33.1	2,577	315	2,892	2,690	30	123.0	194.0
1946-47	88,898	78,410	37.2	2,916	172	3,088	2,669	136	153.0	180.4
1947-48	85,038	73,802	28.6	2,081	283	2,391	2,254	14	216.0	232.9
1948-49	85,522	76,840	43.0	3,307	123	3,430	2,500	118	128.0	138.2
1949-50	86,738	77,106	38.2	2,946	813	3,759	2,803	111	124.0	128.8
1950-51	82,859	72,398	38.2	2,764	844	3,608	2,752	116	152.0	172.8
1951-52	83,275	71,191	36.9	2,629	740	3,369	2,801	81	166.0	182.6
1952-53	82,230	71,353	41.8	2,981	487	3,468	2,555	144	152.0	158.9
1953-54	81,574	70,738	40.7	2,882	769	3,651	2,628	103	148.0	153.4
1954-55	82,185	68,668	39.4	2,708	920	3,628	2,491	102	143.0	147.5
1955-56	80,932	68,462	42.0	2,873	1,035	3,908	2,624	119	135.0	123.9
1956-57	77,828	64,877	47.7	3,075	1,165	4,240	2,638	183	129.0	131.2
1957-58	73,180	63,065	48.3	3,045	1,419	4,464	2,797	198	111.0	121.1
1958-59	73,351	63,549	52.8	3,356	1,469	4,825	3,072	229	112.0	120.7
1959-60	82,742	72,091	53.1	3,825	1,524	5,349	3,333	229	105.0	117.1
1960-61	81,425	71,422	54.7	3,907	1,787	5,694	3,387	291	100.0	109.6
1961-62	65,919	57,634	62.4	3,598	2,016	5,614	3,527	434	110.0	110.9
1962-63	65,017	55,726	64.7	3,606	1,653	5,259	3,479	415	112.0	118.9
1963-64	68,771	59,227	67.9	4,019	1,365	5,384	3,348	499	111.0	119.6
1964-65	65,823	55,369	62.9	3,484	1,537	5,021	3,305	569	117.0	126.1
1965-66	65,119	55,332	73.8	4,084	1,147	5,231	3,705	686	116.0	126.6
1966-67	66,306	56,933	72.3	4,117	840	4,957	3,648	486	124.0	136.2
1967-68	71,093	60,557	78.6	4,760	823	5,583	3,804	633	104.0	111.6
1968-69 ³	64,787	55,707	78.6	4,375	1,146	5,521	3,847	624	105.0	112.4

¹ Exports of corn and all corn products minus imports of corn and corn products.² Includes an allowance for unredeemed loan and purchase-agreement deliveries.³ Preliminary.⁴ October-January average.

Source: Statistical Reporting Service and Economic Research Service, USDA.

COTTON, AMERICAN : ACREAGE, YIELD, SUPPLY, AND DISAPPEARANCE, UNITED STATES, SELECTED YEARS, 1919-20 TO 1968-69

Crop year	Acreage (thousands)		Yield per harvested acre (pounds)	Supply			Domestic mill con- sumption (thousand running bales)	Exports from United States (thousand running bales)	U.S. farm price ² (cents per pound)	U.S. parity price ² (cents per pound)
	Acreage (thousands)			Production (thousand 500-pound bales)	U.S. stocks Aug. 1 (thousand running bales)	Total ¹ (thousand bales)				
	Planted	Harvested								
1919-20	---	23,906	165.9	11,411	4,204	15,615	6,003	6,545	35.3	24.8
1920-21	---	34,408	186.7	13,429	3,279	16,708	4,677	5,745	15.9	22.3
1921-22	---	28,678	132.5	7,945	6,361	14,306	5,613	6,184	17.0	20.3
1928-29	---	42,434	163.3	14,477	2,426	16,903	6,778	8,044	18.0	20.6
1932-33	---	35,891	173.5	13,003	9,580	22,583	6,004	8,419	6.5	14.5
1938-39	---	24,248	235.8	11,943	11,446	23,389	6,736	3,327	³ 8.6	15.2
1939-40	---	23,805	237.9	11,817	12,956	24,773	7,655	6,163	9.1	15.4
1942-43	---	22,602	272.4	12,817	10,505	23,322	10,930	1,480	18.9	19.2
1945-46	---	17,029	254.1	9,015	11,040	20,055	8,966	⁴ 3,594	22.5	22.1
1946-47	18,092	17,584	235.7	8,640	7,173	15,813	9,765	3,544	32.6	26.8
1947-48	18,638	21,330	266.6	11,860	2,398	14,258	9,108	1,968	31.9	30.3
1948-49	21,786	22,911	311.3	14,877	2,991	17,868	7,634	4,747	30.4	30.5
1949-50	23,576	27,439	281.8	16,128	5,218	21,346	8,669	5,771	28.6	30.1
1950-51	28,283	17,843	269.0	10,014	6,749	16,763	10,344	4,108	40.0	32.9
1951-52	18,866	26,949	269.4	15,149	2,166	17,315	9,111	5,519	37.7	34.2
1952-53	29,353	25,921	279.9	15,139	2,720	17,859	9,300	3,048	34.2	34.7
1953-54	28,065	24,341	324.2	16,465	5,410	21,975	8,445	3,761	32.1	34.7
1954-55	26,872	19,251	341.0	13,697	9,653	23,349	8,714	3,447	33.5	35.1
1955-56	20,052	16,928	417.0	14,721	11,140	25,861	9,086	2,215	32.3	35.1
1956-57	17,991	15,615	409.0	13,310	14,490	27,800	8,542	7,598	31.6	36.4
1957-58	17,077	13,558	388.0	10,964	11,284	22,248	7,925	5,717	29.5	37.9
1958-59	14,310	11,849	466.0	11,512	8,702	20,214	8,613	2,789	33.1	38.3
1959-60	12,379	15,117	461.0	14,558	8,843	23,401	8,910	7,182	31.6	38.4
1960-61	15,833	15,309	446.0	14,272	7,522	21,794	8,185	6,632	30.1	38.7
1961-62	16,080	15,634	438.0	14,318	7,187	21,505	8,854	4,913	32.8	39.1
1962-63	16,588	15,569	457.0	14,867	7,789	22,656	8,316	3,351	31.7	40.0
1963-64	16,293	14,212	517.0	15,334	11,123	26,457	8,510	5,662	32.0	40.6
1964-65	14,843	14,057	517.0	15,182	12,306	27,488	9,082	4,060	29.6	41.3
1965-66	14,836	13,615	527.0	15,973	14,223	29,196	9,406	2,942	28.0	42.2
1966-67	14,152	9,552	480.0	9,575	16,801	26,376	9,398	4,669	20.6	42.7
1967-68	10,349	7,997	447.0	7,458	12,475	19,933	8,887	4,206	25.6	43.7
1968-69 ⁵	9,448	10,175	511.0	10,822	6,418	17,240	8,400	3,000	25.3	⁶ 45.0

¹ Includes stocks in running bales and production in bales of 500 pounds gross weight (as reported by Crop Reporting Board).

² Weighted season average price received by farmers and simple average of monthly parity prices, year beginning Aug. 1.

³ Beginning 1938, farm price of American Upland cotton.

⁴ Includes exports by the Army.

⁵ Preliminary.

⁶ August-Dec. average, Upland cotton.

Source: Statistical Reporting Service and Economic Research Service.

OILSEEDS: SUPPLY, DISPOSITION, AND PRICES, SPECIFIED YEARS, 1939-68

COTTONSEED

Crop year	Acreage harvested	Supply		Crushed for oil	Prices		
		Production	Total ¹		Average U.S. farm	Crude oil ²	Oilseed meal ²
	Thousand acres	Thousand tons	Thousand tons	Thousand tons	Dollars per ton	Cents per pound	Dollars per ton
1939	23,805	4,869	4,990	4,151	21.20	5.6	25.50
1941	22,236	4,553	4,684	4,008	47.60	12.3	34.35
1951	26,949	6,286	6,352	5,476	³ 69.30	13.0	80.40
1956	15,615	5,407	5,584	4,959	³ 53.40	13.4	52.10
1960	15,309	5,886	5,991	5,352	³ 42.60	11.8	55.10
1961	15,634	5,978	6,166	5,539	³ 51.10	12.5	59.25
1962	15,569	6,139	6,419	5,883	³ 47.90	10.5	65.60
1963	14,212	6,192	6,426	5,887	³ 50.70	10.0	63.35
1964	14,055	6,237	6,405	5,926	³ 47.10	11.6	59.90
1965	13,615	6,087	6,243	5,734	³ 46.70	13.0	68.80
1966	9,552	3,960	4,164	3,791	65.90	13.0	78.55
1967	7,997	3,210	3,419	3,107	55.20	12.8	77.40
1968 ⁴	10,175	4,483	4,544	4,250	50.70	11.9	71.48

PEANUTS

		Million pounds	Million pounds	Million pounds	Cents per pound		
1939	1,908	1,213	1,356	73	3.39	6.2	27.75
1941	1,900	1,475	1,747	220	4.67	12.6	38.15
1951	1,982	1,659	1,991	432	10.4	19.0	82.85
1956	1,384	1,607	1,999	260	11.2	15.3	48.30
1960	1,395	1,718	2,142	362	10.0	14.7	55.35
1961	1,398	1,657	2,028	255	10.9	17.4	62.00
1962	1,400	1,719	2,110	302	11.0	13.5	66.90
1963	1,396	1,942	2,341	380	11.2	11.2	64.00
1964	1,397	2,099	2,511	473	11.2	14.4	64.95
1965	1,435	2,384	2,758	517	11.4	13.2	76.80
1966	1,418	2,410	2,824	587	11.3	12.9	84.78
1967	1,402	2,473	2,847	644	11.4	12.6	79.31
1968 ⁴	1,440	2,528	2,883	650	11.9	12.8	87.37

SOYBEANS

		Thousand bushels	Million bushels	Thousand bushels	Dollars per bushels		
1939	4,315	90,141	91	56,684	0.81	4.9	23.05
1941	5,889	107,197	108	77,131	1.55	11.2	35.00
1951	13,615	283,777	288	244,380	³ 2.73	11.3	83.35
1956	20,620	449,251	470	313,600	³ 2.18	12.7	47.10
1960	23,655	555,085	607	406,137	³ 2.13	11.2	60.10
1961	27,003	678,554	706	431,353	³ 2.28	9.7	62.15
1962	27,608	669,186	748	472,750	³ 2.34	8.8	71.40
1963	28,615	699,165	745	436,820	³ 2.51	8.5	71.00
1964	30,793	700,921	768	478,980	³ 2.62	11.4	70.20
1965	34,449	845,608	875	537,500	³ 2.54	11.8	81.50
1966	36,546	928,481	964	559,400	³ 2.75	10.1	78.80
1967	39,767	976,060	1,066	576,400	³ 2.49	8.4	76.90
1968 ⁴	40,659	1,079,662	1,246	585,000	³ 2.42	8.1	73.30

FLAXSEED

1939	2,171	19,606	35,114	30,078	1.46	9.6	29.30
1941	3,266	32,133	62,775	51,195	1.79	11.1	34.90
1951	3,904	34,696	46,983	30,248	³ 3.72	16.7	65.10
1956	5,473	47,037	51,179	26,171	³ 2.99	13.1	53.15
1960	3,342	30,402	33,364	19,953	³ 2.65	12.9	53.35
1961	2,514	22,178	27,474	19,046	³ 3.26	15.2	62.70
1962	2,808	32,230	35,838	21,010	³ 2.83	13.0	67.50
1963	3,172	31,041	39,429	19,447	³ 2.76	13.0	61.20
1964	2,825	24,401	37,518	20,775	³ 2.82	13.7	59.10
1965	2,775	35,402	46,329	22,714	³ 2.80	12.9	70.55
1966	2,576	23,390	38,708	19,657	³ 2.89	12.8	76.36
1967	1,975	20,036	29,290	16,101	³ 2.95	13.1	75.49
1968 ⁴	2,112	27,264	34,227	16,000	³ 2.81	12.2	75.46

¹ Production and stocks except flaxseed which includes quantities imported.

² Prices of oil, f.o.b. mills except linseed oil, Minneapolis. Oilseed meals bulk carlots, Memphis (cotton-seed); Decatur (soybeans); f.o.b. southeastern mills (peanuts); Minneapolis (flaxseed).

³ Includes unredeemed loans at average loan rate, and purchase agreement deliveries at the average rate per unit by States.

⁴ Preliminary and partly forecast.

Source: Statistical Reporting Service and Economic Research Service, USDA.

LIVESTOCK

CATTLE AND CALVES: SELECTED STATISTICAL SERIES, 1919-69

Year	Number on farms Jan. 1 (million head)		Cattle and calves slaughtered (million head)		Production of beef and veal (million pounds) ¹		Price per 100 pounds			Stockers and feeders shipped (million head) ⁴	
	All cattle	Beef cattle and calves	Under Federal inspection	Total	Under Federal inspection	Total	Received by farmers		Beef steers, Chicago ²		Stockers and feeders Kansas City ³
							Beef cattle	Calves			
1919	72.1	41.1	14.1	23.2	5,377	7,575	\$9.97	\$12.68	\$15.50	3.5	
1921	68.7	38.9	11.4	20.8	4,453	6,842	5.63	7.85	8.20	3.7	
1929	58.9	27.0	12.8	19.4	4,728	6,632	9.47	12.16	13.43	3.7	
1934	74.4	36.4	⁵ 20.7	⁵ 31.3	⁶ 6,728	9,591	4.13	4.92	6.76	4.1	
1939	66.0	30.4	14.7	23.8	5,362	8,002	7.14	8.40	9.75	4.4	
1941	71.8	34.4	16.4	25.7	6,331	9,118	8.82	10.30	11.33	4.4	
1946	82.2	43.7	17.2	32.0	6,308	10,821	14.50	15.20	19.16	5.6	
1947	80.6	42.9	23.5	36.1	8,439	12,037	18.40	20.40	25.83	5.1	
1948	77.2	41.0	19.9	31.6	7,224	10,498	22.20	24.40	30.88	4.9	
1949	76.8	41.6	19.7	30.2	7,744	10,773	19.80	22.60	25.80	5.1	
1950	78.0	42.5	19.0	29.1	7,718	10,764	23.30	26.30	29.35	5.2	
1951	82.1	46.7	16.9	26.0	7,014	9,896	28.70	31.90	35.72	5.5	
1952	88.1	52.8	18.5	28.0	7,807	10,819	24.30	25.80	32.38	6.2	
1953	94.2	58.3	24.6	36.7	10,250	13,953	16.30	16.70	32.62	5.2	
1954	95.7	59.5	26.0	39.2	10,612	14,610	16.00	16.50	24.23	6.1	
1955	96.6	61.2	26.6	39.5	11,098	15,147	15.60	16.80	22.59	5.7	
1956	95.9	61.7	28.0	40.8	11,992	16,094	14.90	16.10	22.00	6.2	
1957	92.9	59.6	26.8	39.4	11,579	15,728	17.20	18.70	23.48	5.5	
1958	91.2	59.2	23.3	34.1	10,773	14,516	21.90	25.30	27.09	6.0	
1959	93.3	62.6	22.3	31.8	11,037	14,588	22.60	26.70	27.53	6.4	
1960	96.2	66.1	24.7	34.6	12,065	15,837	20.40	22.90	25.93	6.1	
1961	97.7	68.0	25.0	34.6	12,612	16,344	20.20	23.70	24.46	6.3	
1962	100.4	71.3	25.3	34.8	12,559	16,313	21.30	25.10	27.20	7.1	
1963	104.5	76.5	26.2	35.3	13,650	17,357	19.90	24.00	23.79	6.6	
1964	107.9	81.2	30.0	39.3	15,653	19,442	18.00	20.40	22.86	7.1	
1965	109.0	83.4	31.7	41.0	15,993	19,719	19.90	22.10	25.81	7.2	
1966	108.9	84.9	31.8	41.0	16,710	20,604	22.20	26.00	26.17	8.1	
1967	108.6	85.7	31.8	40.4	17,252	20,740	22.30	26.30	25.97	7.9	
1968	109.2	86.9	33.5	41.1	18,274	21,600	23.30	27.70	25.89	8.2	
1969 ⁷	109.7	88.1	33.5	41.1	18,274	21,600	23.30	27.70	25.89	8.2	

¹ Excludes production under Federal inspection in Hawaii and the Virgin Islands beginning 1940.

² Beef steers sold out of 1st hands, Chicago.

³ All weights.

⁴ Shipments from public stockyards.

⁵ Includes slaughter for Government account, 4,710,140 head in 1934.

⁶ Includes production from Government slaughter.

⁷ Preliminary.

Source: Statistical Reporting Service and Economic Research Service, USDA.

HOGS: SELECTED STATISTICAL SERIES, 1919-69

Year	Number on farms Jan. 1 (million head)	Pig crop (million head)		Slaughter under Federal inspection		Total slaughter (million head)	Total production (million pounds) ¹		Price per 100 pounds		Hog-corn ratio, U.S. average, 1 to—		
		Spring	Fall	Average liveweight (pounds)	Number (million head)		Pork	Lard	Export (million pounds)	Received by farmers		Average price, Chicago	
1919	64.3				41.8	65.8	8,477	1,920	1,854.9	783.9	\$16.39	\$17.85	10.6
1921	58.9			226	39.0	61.8	7,697	2,108	738.3	892.9	7.63	8.51	13.6
1929	59.0	50.5	25.6	232	48.4	71.0	8,833	2,461	343.7	847.9	9.42	10.16	10.9
1933	62.1	53.5	30.7	231	353.6	379.7	49,234	2,475	142.0	584.2	3.53	3.94	10.4
1934	58.6	39.7	17.1	221	343.9	368.8	48,397	2,091	150.5	434.9	4.14	4.65	7.0
1939	50.0	53.2	33.7	235	41.4	66.6	8,660	2,037	129.5	277.3	6.23	6.57	13.3
1941	54.4	49.4	35.6	241	46.5	71.4	9,528	2,228	268.1	292.9	9.09	9.45	14.2
1943	73.9	74.2	47.6	254	63.4	95.2	13,640	2,865	1,091.3	737.1	13.70	14.31	13.6
1946	61.3	52.2	30.5	255	44.4	76.1	11,150	2,136	282.1	544.8	17.50	18.40	12.6
1947	56.8	52.2	31.1	254	49.1	74.0	10,502	2,402	59.5	383.0	24.10	24.45	13.6
1948	54.6	50.5	33.4	253	47.6	70.9	10,055	2,321	28.7	277.4	23.10	23.14	13.0
1949	56.3	57.0	36.3	248	53.0	75.0	10,286	2,534	49.8	516.3	18.10	18.12	15.7
1950	58.9	58.0	39.4	244	57.0	79.3	10,714	2,631	58.3	467.1	18.00	18.20	13.7
1951	62.3	61.3	39.3	246	62.1	85.5	11,481	2,863	82.8	568.5	20.00	20.12	12.4
1952	62.1	55.1	33.7	243	62.5	86.6	11,527	2,881	96.8	633.7	17.80	17.94	11.0
1953	51.8	47.9	30.0	238	53.8	74.4	10,006	2,355	79.4	422.6	21.40	21.65	15.0
1954	45.1	52.9	34.0	244	52.9	71.5	9,870	2,330	52.9	465.4	21.60	21.32	15.0
1955	50.5	57.6	38.1	241	61.4	81.1	10,990	2,660	66.3	562.1	15.00	14.80	11.8
1956	55.4	53.1	36.3	235	65.7	85.1	11,200	2,757	75.6	611.4	14.40	14.35	11.2
1957	51.9	51.3	36.1	236	60.7	78.6	10,424	2,547	78.0	501.4	17.80	17.89	15.5
1958	51.5	51.4	42.2	238	59.5	76.8	10,454	2,426	54.2	388.8	19.60	19.80	18.6
1959	58.0	56.6	42.8	240	68.7	87.6	11,993	2,780	70.9	604.2	14.10	14.12	13.2
1960	59.0	47.2	41.0	239	66.2	84.2	11,598	2,562	69.4	620.0	15.30	15.50	15.1
1961	55.6	50.4	42.3	240	65.6	82.0	11,399	2,514	68.3	416.6	16.60	16.71	16.5
1962	56.6	49.5	44.1	242	67.8	83.4	11,819	2,476	63.7	422.1	16.30	16.44	16.0
1963	58.0	50.8	43.3	240	71.6	87.1	12,419	2,473	138.1	537.7	14.90	15.03	13.4
1964	56.8	47.7	39.9	243	71.7	86.3	12,503	2,473	133.0	682.0	14.80	14.89	13.1
1965	50.8	42.5	36.4	240	63.7	76.4	11,132	2,045	47.7	250.9	20.60	20.78	17.7
1966 Rev	47.4	45.4	42.1	244	63.7	75.3	11,328	1,929	50.9	157.6	22.80	22.61	18.5
1967	53.2	48.2	43.5	242	70.9	83.4	12,572	2,076	50.6	188.6	18.90	18.95	16.3
1968	55.3	49.2	45.3	240	74.8	86.4	13,040	2,059	85.1	172.1	18.60	18.72	18.0
1969 ^a	57.2	51.7											

¹ Excludes production under Federal inspection in Hawaii and the Virgin Islands, beginning 1940.² Includes bacon, hams, and shoulders and pork (fresh, canned, and pickled) product weight.³ Includes slaughter under Federal inspection for Government account.⁴ Includes production from slaughter for Government account.⁵ Includes military exports for civilian feeding abroad, and for lard also includes estimated shipments by private relief agencies beginning 1947 and ending in 1953.⁶ Preliminary.

Source: Economic Research Service. Export figures from Foreign Commerce and Navigation of the United States. Other data from Agricultural Economics reports.

DAIRY PRODUCTS—PRODUCTION, CONSUMPTION, AND PRICES, SELECTED YEARS, 1924-68

Year	Milk production ²		Production				Civilian per capita consumption			Price received by farmers		Feed and price ratios	
	Annual average number of milk cows ¹	Per cow	Total on farms	Creamery butter	Total cheese ³	Condensed and evaporated milk (unskimmed)	Dried skim milk ⁴	All milk and products for human consumption (milk equivalent)	Fluid milk and cream (milk equivalent)	Milk fat per pound	Whole milk at wholesale per hundred-weight	Milk-feed ratio ⁵	Milk fat hog ⁶
Thousands	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Pounds	Pounds	Pounds	Cents	Dollars		
1924	21,417	4,167	89,240	1,423	471	1,507	---	796	336	40.4	2.22	1.09	5.64
1929	21,618	4,579	98,988	1,462	499	1,849	---	811	340	45.2	2.53	1.24	4.77
1934	25,198	4,033	101,621	1,728	587	1,908	---	814	322	22.7	1.55	1.09	5.59
1939	23,273	4,589	106,792	1,782	710	2,367	268	825	332	23.9	1.69	1.29	3.90
1941	24,288	4,738	115,088	1,872	956	3,555	366	803	334	34.2	2.19	1.39	3.82
1946	24,089	4,886	117,697	1,171	1,106	3,333	653	786	389	64.3	3.99	71.38	74.34
1947	23,329	5,007	116,814	1,329	1,183	3,630	678	769	369	71.8	4.27	1.18	3.02
1948	22,336	5,044	112,671	1,210	1,098	3,755	682	724	355	79.9	4.88	1.26	3.41
1949	22,024	5,272	116,103	1,412	1,199	3,107	935	734	352	61.6	3.95	1.28	3.42
1950	21,944	5,314	116,602	1,386	1,191	3,205	881	740	349	62.0	3.89	1.24	3.47
1951	21,505	5,333	114,681	1,203	1,161	3,228	702	715	352	71.2	4.58	1.29	3.56
1952	21,338	5,374	114,671	1,188	1,170	3,165	863	700	352	75.0	4.85	1.28	4.20
1953	21,691	5,542	120,221	1,412	1,344	2,875	1,214	691	347	66.5	4.32	1.25	3.09
1954	21,581	5,657	122,094	1,449	1,383	2,845	1,334	699	348	58.7	3.97	1.19	2.74
1955	21,044	5,842	122,945	1,383	1,367	2,922	1,366	706	348	57.8	4.01	1.28	3.83
1956	20,501	6,090	124,860	1,413	1,388	2,953	1,490	702	348	59.4	4.14	1.36	4.16
1957	19,774	6,303	124,628	1,414	1,407	2,873	1,624	687	344	60.6	4.21	1.39	3.40
1958	18,711	6,585	123,220	1,390	1,399	2,751	1,710	682	337	59.3	4.13	1.41	3.01
1959	17,901	6,815	121,989	1,335	1,383	2,743	1,723	667	330	60.1	4.16	1.43	4.35
1960	17,515	7,029	123,109	1,373	1,478	2,666	1,819	653	321	60.5	4.21	1.45	3.96
1961	17,243	7,290	125,707	1,484	1,635	2,631	2,020	641	311	61.5	4.22	1.45	3.72
1962	16,842	7,496	126,251	1,537	1,592	2,409	2,230	641	308	59.4	4.09	1.40	3.65
1963	16,260	7,700	125,202	1,420	1,632	2,369	2,106	631	307	59.5	4.10	1.36	3.98
1964	15,677	8,099	126,967	1,442	1,724	2,395	2,177	631	304	60.2	4.15	1.38	3.99
1965	14,954	8,304	124,173	1,325	1,755	2,178	1,989	618	301	61.1	4.23	1.40	2.97
1966	14,093	8,507	119,892	1,112	1,854	2,196	1,580	602	296	67.2	4.81	1.53	2.94
1967	13,501	8,797	118,769	1,223	1,913	1,886	1,675	582	286	68.2	5.01	1.56	3.61
1968 ⁸	13,022	9,006	117,281	1,172	1,947	1,751	1,610	576	279	66.8	5.26	1.70	3.60

¹ Average number on farms during year; heifers that have not freshened excluded.² Excludes milk sucked by calves and milk produced by cows not on farms.³ Whole milk and part skim cheese.⁴ Production of dried skim milk for human consumption; 1935-39 average, 243,000,000 pounds.⁵ Pounds of dairy feed (grain and concentrates) equal in value to 1 pound of wholesale milk.⁶ Pounds of hogs, liveweight, equal in value to 1 pound of butterfat.⁷ Includes an allowance for dairy production payments from October 1943 through June 1946.⁸ Preliminary.

Source: Statistical Reporting Service and Economic Research Service.

POULTRY AND EGGS—NUMBER ON FARMS, PRODUCTION, SLAUGHTER, AND PRICES, SELECTED YEARS, 1924-68

Year	Chickens										Prices received by farmers			
	Eggs					Number					Egg-feed ratio ⁵	Eggs per dozen	Chickens per pound	Turkeys per pound
	Annual average number of layers ¹	Produced per layer	Total production ²	Raised on farm ³	Slaughtered	Commercial broilers produced	Total slaughter, ready-to-cook weight ⁴	Turkey slaughter, ready-to-cook weight						
Millions	Number	Million dozen	Millions	Millions	Millions	Millions	Million pounds	Pounds	Cents	Cents	Cents	Cents		
1924	---	---	---	---	---	---	---	---	---	---	---	---		
1929	318	121	3,171	662	605	---	1,594	12.7	26.7	19.4	23.9			
1933	300	120	3,476	751	673	---	1,766	13.9	29.8	22.8	24.5			
1934	291	119	3,255	750	696	---	1,860	11.6	13.8	9.5	11.6			
1939	290	136	3,156	644	622	---	1,716	10.6	17.0	11.6	15.1			
1941	301	142	3,561	697	601	34	1,844	11.9	17.4	13.8	15.7			
1946	358	157	3,840	745	610	106	2,091	13.5	23.5	16.3	19.9			
1948	332	167	5,032	738	702	192	2,729	11.3	37.6	29.0	36.3			
1949	331	171	5,148	615	555	293	2,563	11.4	47.2	32.3	46.8			
1950	340	174	5,404	705	597	371	2,991	13.2	45.2	26.6	35.2			
1951	328	178	5,322	620	561	513	3,174	10.3	36.3	24.9	32.9			
1952	320	181	5,323	623	544	631	3,432	12.0	41.6	27.0	37.5			
1953	312	186	5,307	561	502	861	3,443	10.0	41.6	26.2	33.6			
1954	314	188	5,402	548	465	947	3,567	12.3	47.7	25.3	33.7			
1955	309	192	5,407	540	461	1,048	3,743	9.4	36.6	21.1	28.8			
1956	311	197	5,500	459	382	1,092	3,572	11.0	39.5	23.4	30.2			
1957	307	199	5,442	471	378	1,344	4,217	10.9	39.3	18.9	27.2			
1958	304	202	5,442	394	327	1,448	4,904	10.5	35.9	18.0	23.4			
1959	306	207	5,542	421	332	1,660	5,005	11.3	38.5	17.7	23.9			
1960	295	209	5,339	386	329	1,737	5,230	9.2	31.4	15.3	23.9			
1961	297	210	5,358	340	265	1,795	5,787	10.9	36.1	16.3	25.4			
1962	300	212	5,403	320	264	1,991	5,825	10.6	35.6	13.4	18.9			
1963	298	213	5,345	314	259	2,023	6,048	9.9	33.8	14.6	21.6			
1964	301	217	5,435	316	248	2,102	6,219	8.0	34.5	14.1	22.3			
1965	302	218	5,474	301	243	2,161	6,449	8.0	33.8	13.7	21.0			
1966	305	218	5,540	340	246	2,334	7,309	8.0	33.7	14.4	22.2			
1967	318	221	5,847	326	271	2,572	7,537	9.0	39.1	14.7	23.1			
1968 ⁶	315	220	5,780	317	271	2,593	7,459	7.3	31.2	12.7	19.5			
						2,631		8.5	33.7	13.8	20.4			

¹ This table has been revised to show "annual average number of layers" rather than "hens and pullets on farms Jan. 1," inasmuch as the former provides a more meaningful relationship with total egg production.

² Includes nonfarm production estimated at 10 percent of annual farm production through 1954; after 1954 allowance was reduced 1 percentage point per year, reaching zero in 1964.

³ Excludes commercial broilers.

⁴ Includes commercial broilers, and slaughter of nonfarm chickens estimated as for eggs in footnote 1.

⁵ Pounds of poultry ration equal in value to 1 dozen eggs.

⁶ Preliminary.

Source: Statistical Reporting Service.

SHEEP, LAMBS, AND WOOL—SELECTED STATISTICAL SERIES, 1919-69

Year	Sheep and lambs										Wool			
	Slaughter under Federal inspection ¹			Production of mutton and lamb ¹			Lamb prices per hundredweight		Total production ²	Apparel wool mill consumption ³	Price received by farmers ⁴	Boston market price territory (scoured basis)		
	Number on farms Jan. 1	Lamb crop	Average live weight	Number	Total slaughter	Federal inspection	Total	Farm				Chicago	Cents	Cents
								Million head	Pounds	Million head	Million pounds			
1919	41.9			12.7	15.8		590	\$12.83	\$16.00	155.1	283.1	49.5	174.0	126.0
1921	39.5		80	13.0	16.7	493	639	7.13	9.86	142.7	299.7	17.3	85.0	53.0
1929	48.4	26.9	83	14.0	17.5	545	682	11.90	14.62	185.1	253.2	30.2	98.1	92.3
1933	53.1	29.8	82	17.4	21.8	673	852	5.04	6.65	212.8	245.5	20.6	67.1	60.8
1934	53.5	30.4	82	⁵ 17.4	⁵ 21.8	⁶ 675	⁶ 851	5.90	8.01	207.7	167.6	21.9	81.6	74.2
1939	51.3	29.9	86	17.2	21.6	694	872	7.87	9.33	207.5	293.1	22.3	82.7	69.3
1946	42.4	24.5	94	19.9	22.8	850	968	15.60	18.40	169.6	609.6	42.3	⁷ 102.6	⁸ 91.4
1948	34.3	19.6	94	15.3	17.4	665	747	22.80	25.04	136.9	485.2	49.2	164.6	⁸ 107.6
1950	29.8	17.9	96	11.7	13.2	534	597	25.10	27.54	119.8	436.9	62.1	199.2	151.0
1951	30.6	18.0	98	10.1	11.4	465	521	31.00	34.31	119.8	382.1	91.7	270.5	215.2
1952	32.0	18.5	98	12.7	14.3	581	648	24.30	26.76	127.9	346.8	⁹ 54.1	165.3	128.7
1953	31.9	19.5	95	14.3	16.3	644	729	19.30	22.46	133.8	358.0	⁹ 54.9	173.0	132.3
1954	31.4	20.3	96	14.1	16.3	645	734	19.10	21.59	136.4	269.6	⁹ 53.2	170.6	130.9
1955	31.6	20.2	96	14.4	16.6	665	758	18.40	20.95	137.4	281.2	¹⁰ 42.8	142.1	116.9
1956	31.2	20.3	96	14.2	16.3	650	741	18.50	21.12	136.9	296.7	44.3	137.1	115.2
1957	30.7	19.8	97	13.2	15.3	617	707	19.00	22.37	130.4	240.8	53.7	161.3	131.0
1958	31.2	20.7	99	12.4	14.5	592	688	21.00	22.58	130.0	212.0	36.4	118.5	99.9
1959	32.6	21.1	99	13.5	15.5	645	738	18.70	20.93	140.2	264.9	43.3	121.6	107.6
1960	33.2	21.0	99	14.0	16.2	667	768	17.90	19.26	144.6	246.4	42.0	116.5	109.6
1961	32.7	20.8	98	15.0	17.5	716	832	15.80	17.07	142.5	263.1	42.9	118.4	107.0
1962	31.0	19.7	98	14.7	17.2	695	808	17.80	19.45	133.4	280.2	47.7	124.7	111.6
1963	29.2	18.5	98	14.0	16.1	668	770	18.20	18.69	126.2	251.3	48.4	132.6	119.7
1964	27.1	17.0	99	12.9	14.9	624	715	19.90	21.93	119.6	233.9	53.2	139.7	129.5
1965	25.1	16.3	100	11.7	13.3	576	651	22.80	24.29	113.1	274.7	47.1	124.9	121.2
1966	24.7	15.9	102	11.6	13.0	581	650	23.40	25.00	110.6	266.6	52.1	134.9	124.6
1967	23.9	15.0	101	11.5	13.0	574	646	22.10	23.32	106.5	228.7	39.8	121.5	98.0
1968	22.1	14.4	102	10.9	12.1	545	600	24.30	25.50	100.0	240.0	40.0	124.0	88.0
1969 ¹¹	21.1													

¹ Excludes production under Federal inspection in Hawaii and the Virgin Islands beginning 1940.² Production converted to clean content on the basis of 44-percent yield for shorn wool, 1919 through 1959; 45-percent yield for 1960 to date; and 75-percent yield for pulled wool.³ Secured basis.⁴ Beginning 1943, crop year weighted average.⁵ Includes 1,356,421 head slaughtered on Government account.⁶ Includes production from Government slaughter.⁷ From Nov. 26, 1945, through May 1947 quotations are CCC selling prices.⁸ From Nov. 26, 1945, through July 1948, CCC selling prices.⁹ Includes an allowance for loan wool.¹⁰ Computed from local market price for wool sold and does not include incentive payments, beginning 1955.¹¹ Preliminary.

Source: Statistical Reporting Service and Economic Research Service.

SUPPORT PRICES IN OTHER COUNTRIES: GRAINS, 1968-69

[Dollars per bushel equivalents]¹

Country	Local units	Wheat	Rye	Corn	Barley	Oats
Argentina	Pesos per 100 kilograms	1.28	² 72	.98		² 37
Australia	Australian shillings and pence per bushel	2.59				
Belgium	Francs per 100 kilograms	2.66			1.89	
Brazil	Cruzeiros per 60 kilograms	2.86		1.12		
Canada	Canadian dollars per bushel	1.57				
Chile	Escudos 100 kilograms	1.63				
Colombia	Pesos per carga	3.37		1.95	3.21	
Denmark	Kroners per 100 kilograms	1.89				
Egypt	Egyptian pounds per ardeb	2.11				
Finland	Finmarks per kilograms	4.08				
France	New francs per 100 kilograms	2.50		2.01	1.73	
Germany (West)	Deutsche marks per metric ton	2.58	2.21		1.83	
Greece	Drachmas per 100 kilograms	2.36		2.52	1.74	
Ireland	Shillings and pence per 280 pounds	2.26				
Italy	Lira per 100 kilograms	2.54		2.01		
Japan	Yen per metric ton	4.13			³ 2.56	
Kenya	Schillings per 200 pounds	1.97				
Mexico	Pesos per metric ton	1.99		⁴ 1.62		
Morocco	Dirhams per 100 kilograms	2.37			.94	
Netherlands	Florins per 100 kilograms	2.67			1.90	
New Zealand	New Zealand shillings and pence per bushel	1.67				
Norway	Kroners per metric ton	1.27	² 3.74		² 2.59	² 1.58
Pakistan	Rupees per maund	2.60				
Portugal	Escudos per 100 kilograms	3.12				
South Africa, Republic of	South African Republic cents per 200 pounds	2.54		1.28		
Spain	Pesetas per 100 kilograms	2.71	² 1.85	2.00	² 1.52	
Sweden	Kroners per 100 kilograms	2.68			² 2.01	² 62
Switzerland	Francs per 100 kilograms	4.29			⁴ 2.72	
Tunisia	Dinars per 100 kilograms	2.70				
Turkey	Kurus per kilogram	2.42				
United Kingdom	Shillings and pence per 112 pounds	1.76	² 1.62		² 1.78	² 95
United States	U.S. dollars per bushel	1.25		1.05	.90	.63
Yugoslavia	Dinar per kilogram	² 1.96		1.28		

¹ Individual or average, fixed or target, base, floor, or final prices for standard types and grades. The f.o.b. points vary. Some prices are subject to 1 or more deductions. Some are gradually increased by specified amounts during a designated period after harvest to offset farm storage costs. Prices in EEC countries are the low intervention price, August 1968.

² 1967-68 price.

³ 1966-67 price.

⁴ Corn grown under irrigation. \$1.91 for nonirrigated corn.

Source: Foreign Agricultural Service. Prepared on the basis of official statistics of foreign governments and other foreign source material.

A BRIEF HISTORY OF FEDERAL FARM PROGRAMS ¹

The farm price support programs in operation at the present time are a direct outgrowth of earlier experiences dating as far back as the 1920's. Changes in farm programs throughout the past 30 years have been evolutionary rather than revolutionary in character. When farm prices fell sharply following World War I and failed to recover their prewar relationship with the prices of nonfarm products, Congress authorized special intermediate term agricultural credits for farmers and ranchers. This credit legislation was supplemented by the Capper-Volstead Act giving agricultural cooperatives a special status within the framework of antitrust legislation.

MC'NARY-HAUGEN AND FARM BOARD OBJECTIVES

When, in spite of additional credit and the best efforts of farmer cooperatives, agriculture continued to lag behind the nonfarm sectors of the economy in the mid-1920's, leaders proposed legislation designed "to make the tariff effective" for such major agricultural export crops as wheat, cotton, and tobacco. These proposals became the McNary-Haugen bills authorizing segregation of domestic and export prices. The bills passed both Houses of Congress in 1927 and again in 1928, but were vetoed both times by President Coolidge.

The Agricultural Marketing Act of 1929, creating a Federal Farm Board with a revolving fund of \$500 million, was a direct outgrowth of the unsuccessful attempts to get the McNary-Haugen proposals enacted into law. It was endorsed by President Hoover as a substitute for the proposal to increase the domestic price level for the major export crops relative to the world level. The Federal Farm Board had two major fields of activity; that of strengthening farmer cooperatives and that of engaging in direct price stabilization operations. Mr. Alexander Legge, former president of the International Harvester Co., was recruited by President Hoover as the first Chairman of the Board.

EARLY BEGINNINGS OF PRODUCTION CONTROLS

Unfortunately, the depression of the 1930's began about the same time that the Federal Farm Board started its operations. Economic conditions deteriorated rapidly and the Farm Board soon found all its stabilization funds committed, yet farm prices continued to fall. Alexander Legge, drawing on his experience as former president of the International Harvester Co., soon became convinced that farmers should restrict the production of wheat and other major crops in view of the sharp decline in farm prices.

¹ Prepared by Dr. Walter W. Wilcox, senior specialist, agriculture, Legislative Reference Service.

He was not alone in his belief in the necessity of production controls if farmers were to realize better prices. Most farm leaders, acquainted with the inability of the Federal Farm Board to improve economic conditions for farmers, were of the opinion that an adjustment (restriction) in the production of the major farm crops was needed at that time. When the new administration came into office as a result of the elections in 1932 they promptly sponsored passage of an Agricultural Adjustment Act. This act authorized production adjustment programs: a direct outgrowth of the experience of the Federal Farm Board. The Agricultural Adjustment Act of 1933 also authorized the use of marketing agreements and licenses which had been used successfully on a small scale by California producers to promote orderly marketing of perishable fruits and vegetables.

The use of nonrecourse Government loans (loans which could be satisfied by delivery of the product) to support the price of storable crops such as cotton and wheat began in a very modest way in the first year's activities of the Agricultural Adjustment Administration. In order to assure farmers of immediate market prices in line with the expected longer run price levels, the Secretary of Agriculture in the fall of 1933 made available nonrecourse loans on cotton and corn at levels in excess of current market prices.

OBJECTIVES OF AGRICULTURAL ADJUSTMENT IN THE 1930'S

Through the 1930's the agricultural adjustment program attempted to adjust annual supplies of the major crops in line with available market outlets at satisfactory prices. Marketing agreements and orders which promote orderly marketing and give producers increased bargaining power also were utilized by the producers of many of the perishable fruits and vegetables and by the producers of milk for fluid use in a number of city milksheds. Since United States imports much of its sugar, special legislation was passed allocating the domestic market among domestic producers, Cuban, and other offshore producers and providing for supplementary payments to domestic producers from a special tax on all sugar.

It was 1938 before revisions in the basic agricultural adjustment legislation made it mandatory for the Secretary of Agriculture to offer price-supporting loans on the major storable crops. By that time, however, Government price-supporting loans had become one of the most popular features of the "farm program." During the 1930's it is fair to say that the general philosophy of the farm program was that of assisting producers adjust their production and marketings to improve and stabilize farm prices and income in a period of continued unemployment.

WARTIME FORCES MODIFIED FARM PROGRAM OBJECTIVES

When general price control legislation was adopted soon after the United States was drawn into World War II, in view of the continued low farm prices at that time, the Secretary of Agriculture was given the veto power over price ceilings on farm products. The most im-

portant single farm price action taken during the war period, however, was the so-called Steagall amendment requiring Government support of many farm prices for 2 years following the close of the war (Public Law 792, Oct. 2, 1942). In a sense, the precedent for the Steagall amendment grew out of the commodity loans started in the fall of 1933 and made available to farmers each year since that time. In another sense it was considered an equitable method of compensating farmers for submitting to price ceilings during World War II after experiencing many prewar years of low prices.

EARLY POSTWAR OBJECTIVES

The wartime price supports adopted under the Steagall amendment expired at the close of 1948. Congress, anticipating their expiration, in the Agricultural Act of 1948, extended price supports to 1950 on a substantial list of farm products at wartime levels and provided a range of price supports from 60 to 90 percent of parity after that. The 1938 legislation providing for the invocation of marketing quotas on the basic crops—cotton, corn, wheat, rice, tobacco, and peanuts—when supplies become excessive, came back into use.

During the war and early postwar years a shift in policy emphasis had occurred. In the prewar years the central purpose of the Government farm program was adjustment in supplies. Price-supporting loans were a supplement to the adjustment programs. In the 1948 and subsequent postwar legislation, major interest centered on the mandatory price support levels. Little thought was given to the problem of keeping production in line with available market outlets at the support price levels. Acreage allotments and marketing quotas as provided for in the 1938 legislation were believed to be adequate.

ADOPTION OF FLEXIBLE PRICE SUPPORTS

Expanded domestic and foreign demands for farm products as a result of the hostilities in Korea temporarily reversed the buildup in Commodity Credit Corporation stocks which took place in 1948 and 1949 as a result of price-supporting operations. There is general agreement that the main objective of the farm program in the postwar years has been the stabilization of farm prices and income in a fair relation to other sectors of the economy. Congress had one of its sharpest farm policy debates in 1954, however, on the question of whether this could best be accomplished by a program of stable—or by a program of flexible—price supports. Secretary Benson, the Republican administration, and most Republican Members of Congress, took the position that flexible price supports in the long run would be most effective in stabilizing farm prices and incomes in a favorable relation to other sectors of the economy. The Democratic leaders in Congress, a majority of the Democratic Members, and a number of the key Republican Members from farm districts had little faith in the flexible price support approach.

As is usual in the case of controversial issues, the legislation enacted was a substantial compromise between the two points of view. A moderate degree of flexibility in price support levels was introduced as a result of the Agricultural Act of 1954.

OBJECTIVES OF RECENT LEGISLATION

Congress, in the same session where more flexible price supports were approved, passed an Agricultural Trade Development and Assistance Act which permits sales of surplus stocks of farm products in foreign countries for local currencies. This act and related legislative actions authorizing special foreign and domestic distribution programs were put forward as temporary measures. Many of those sponsoring the legislation believed that temporary foreign and domestic supplemental distribution programs were needed only to liquidate the surpluses accumulated in the last years of stable price supports.

Bountiful harvests and sagging livestock prices in the fall of 1955, however, caused farmers to propose even more emergency action aimed at bringing supplies into balance with available market outlets at reasonably stable prices. The emergency action agreed upon in 1956 took the form of a soil bank program made up of two parts. One part was an acreage reserve program for the 3 years 1956, 1957, and 1958. Under the acreage reserve program farmers were paid for renting a part of their allotted acreage of the basic price supported crops to the Government. The second part of the soil bank program was a conservation reserve which offered modest rental payments for the retirement of acreages of other cropland or of entire farms from production.

These and other similar programs proved to be more costly than expected and were not sufficiently effective to bring supplies into adjustment with market outlets. Commodity Credit Corporation stocks of price supported commodities and farm program costs continued to increase during the late 1950's.

Early in 1961, under the leadership of a new administration, a voluntary feed grains adjustment program was adopted which was successful in reducing feed grain stocks in 1961 and 1962. A voluntary adjustment program also was added to the mandatory marketing quota program for wheat which, together with favorable export developments, resulted in a substantial reduction in wheat stocks.

The administration proposed the adoption of several mandatory production adjustment and marketing order programs, all of which were turned down either by the Congress or by the producers of the commodity.

Finding resistance to mandatory controls, the Congress, with administration support, continued the voluntary adjustment program for feed grains for 1964 and 1965, and enacted new price-support legislation for cotton and wheat for 1964 and 1965.

The 1964 legislation for cotton lowered the level of price support except for those with small allotments and those who planted approximately one-third less than their full allotment. It also equalized the export and the domestic mill price of cotton by extending the export subsidy on cotton to supplies destined for domestic end uses.

The goal of the 1964 cotton price-support legislation was maintenance of income to producers, especially the smaller producers, while increasing the consumption of cotton.

The voluntary wheat legislation of 1964 authorized the Commodity Credit Corporation to issue wheat marketing certificates which must be purchased by the millers and exporters at prices announced by the Secretary of Agriculture. Wheat producers who voluntarily cooperate in the adjustment program receive marketing certificates for about 90 percent of normal production on their allotted acres. Income from the sale of the marketing certificates supplements income from the market sales of wheat.

The Food and Agriculture Act of 1965 extended most price-support and adjustment programs for a 4-year period with relatively few changes, except for cotton. Government price-supporting loans are authorized at or near world price levels, rather than at higher levels as in earlier years. Most Government payments are conditioned on the voluntary diversion of a part of the farm's base acreages of surplus crops to conservation or nonfarm use.

The major advantages of the 1965 legislation over earlier acts are:

1. It recognizes excess capacity as a continuing problem and gives the Secretary of Agriculture authority to deal with it on a flexible basis for a 4-year period.

2. Government loans are to be set at or near world levels, not at higher levels as in earlier years, sharply limiting the need for export subsidies to keep the prices of American farm products competitive in world markets.

3. The Secretary of Agriculture is directed to reduce stocks, where excessive, to desirable reserve levels—Government expenditures are to be used primarily for payments to farmers to divert base acreages, maintain income or for the purchase and distribution of products outside commercial markets.

Results under the Food and Agriculture Act of 1965 through 1968 can be summarized as follows: The supply control programs, combined with aggressive sales programs abroad and continued food aid demands, reduced Government-owned stocks to manageable levels. Net farm income climbed from \$11.7 billion in 1960 to about \$15 billion in 1968, while during the same period the percent of the American consumer's disposable income paid for food declined from 20 to 17 percent.

Early in 1968, legislation to amend and extend the Food and Agriculture Act of 1965 was introduced into Congress. The version of the bill passed by the Senate extended the legislation for 4 years, the House version for 1 year with a limitation of \$20,000 in payments to any one farmer. The two versions were compromised, with the result that all provisions of the 1965 act were extended for 1 year, without any changes or new provisions, through the 1970 crop year.

House debate preceding extension centered largely on payment limitation proposals, and the \$20,000 limitation amendment was dropped by House and Senate conferees on the grounds that it was inequitable and would defeat the production adjustment objectives of the voluntary programs.

Existing legislation must be extended by the 91st Congress, or in the absence of new legislation beginning January 1, 1971, the basic programs enacted earlier will become operational again. Feed grain adjustment programs would be discontinued and prices would be supported between 50 to 90 percent of parity, at such level as would not result in increasing CCC stocks. Wheat producers would return to a mandatory program and if marketing quotas were voted down as in 1963 producers would be eligible for loans at 50 percent of parity; there would be no certificate payment. If marketing quotas were approved, there would be a certificate program and wheat for domestic consumption would be supported at 65 to 90 percent of parity. Cotton producers would return to the provisions of the 1958 act, a minimum 16-million-acre national allotment and price support at 65 to 90 percent of parity if marketing quotas are approved. No diversion or price support payments would be authorized.

Wool price support payments also would be discontinued if legislation is not extended.

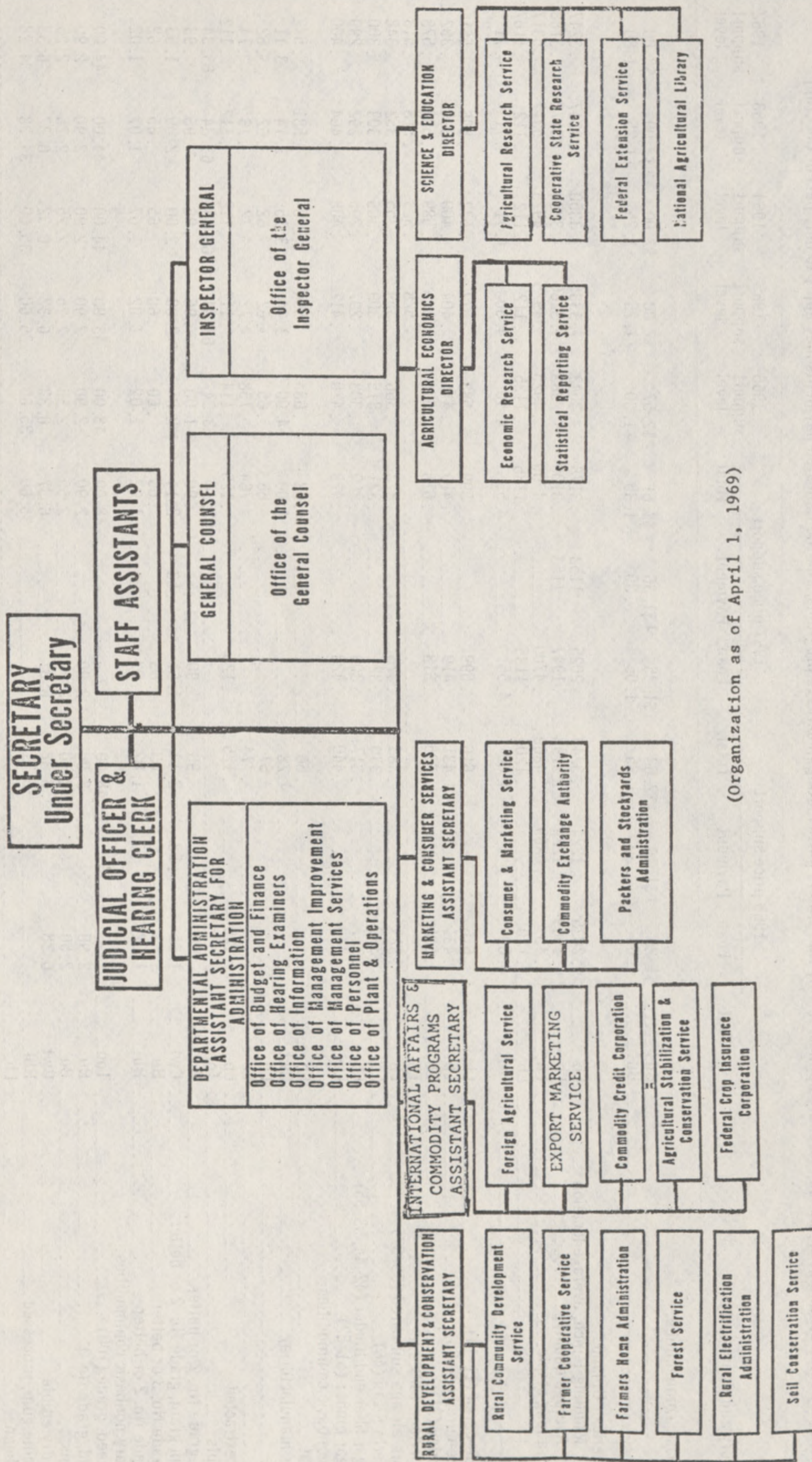
PRICE SUPPORT LEVELS FOR 1961-68 MARKETING YEARS
[For some commodities, the supports are applicable only for farmers participating in acreage programs, and the indicated payments may apply to only part of the crop]

Category and Commodity	Unit	1968 price support			1967 price support			1966 support level	1965 support level	1964 support level	1963 support level	1962 support level	1961 support level
		Loan	Payment	Total	Loan	Payment	Total						
Mandatory basic commodities:													
Wheat	Bu	\$1.25	1 \$1.38	2 \$2.63	\$1.25	1 \$1.36	2 \$2.61	2 \$2.57	2 \$2.00	2 \$2.00	3 \$2.00	\$2.00	\$1.79
Corn	Bu	1.05	.30	1.35	1.05	.30	1.35	3 1.30	3 1.25	3 1.25	3 1.25	1.20	1.20
Cotton:													
American Upland:													
Middling 1-inch, average location ⁴	Lb	.2025	.1224	.3249	.2025	.1153	.3178	3.3042	3.3335	3.3350	.3247	.3247	.3304
Average quality	Lb	.1969	.1224	.3193	.1947	.1153	.3100	3.2963	3.3266	3.3280	.3172	.3188	.3188
Extra long staple	Lb	.40	.0869	.4869	.4700	---	.4700	.4925	.4925	.4925	.5317	.5317	.5317
Peanuts	Lb	.1201	---	.1201	.1135	---	.1135	.1135	.112	.112	.112	.1107	.1105
Rice	Cwt	4.60	---	4.60	4.55	---	4.55	4.50	4.50	4.71	4.71	4.71	4.71
Tobacco:													
Flue-cured (11-14)	Lb	.616	---	.616	.599	---	.599	.588	.577	.572	.566	.561	.555
Fire-cured (21-23)	Lb	.431	---	.431	.419	---	.419	.411	.404	.400	.396	.392	.388
Burley (31)	Lb	.635	---	.635	.618	---	.618	.606	.595	.589	.583	.578	.572
Maryland (32)	Lb	---	---	---	---	---	---	---	.528	.523	.518	.513	.508
Dark air and sun-cured (35-37)	Lb	.383	---	.383	.373	---	.373	.366	.359	.355	.352	.348	.345
Puerto Rican (46)	Lb	.330	---	.330	.321	---	.321	.315	.309	.306	.303	.300	.297
Cigar filler and binder (42-44, 53-55)	Lb	.317	---	.317	.309	---	.309	.303	.297	.295	.292	.289	.286
Cigar binder (51-52)	Lb	.440	---	.440	.428	---	.428	.420	.412	.408	.404	.400	.396
Mandatory nonbasic commodities:													
Butterfat	Lb	---	---	.66	---	---	.68	.68	.594	.58	.581	.572	.604
Milk for manufacturing	Cwt	---	---	4.28	---	---	4.00	4.00	3.24	3.15	3.14	3.11	3.40
Wool	Lb	---	---	3.67	---	---	3.66	3.65	3.62	3.62	3.62	3.62	3.62
Mohair	Lb	---	---	3.774	---	---	3.764	3.758	3.72	3.72	3.76	3.74	3.73
Honey, extracted	Lb	.125	---	.125	.125	---	.125	.114	.112	.112	.112	.112	.112
Tung nuts	Ton	---	---	---	---	---	63.34	63.34	63.34	63.34	63.34	63.34	63.34
Barley, grade No. 2 or better	Bu	.90	---	.90	.90	---	.90	3 1.00	3.96	3.96	3.96	.93	.93
Sorghum grain, grade No. 2 or better	Cwt	1.61	.53	2.14	1.61	.53	2.14	3 2.05	3 2.00	3 2.00	3 2.00	1.93	1.93
Oats, grade No. 3 or better	Bu	.63	---	.63	.63	---	.63	.60	.60	.65	.65	.62	.62
Rye, grade No. 2 or better	Bu	1.02	---	1.02	1.02	---	1.02	1.02	1.02	1.07	1.07	1.02	1.02
Nonmandatory nonbasic commodities:													
Cottonseed, grade (100) ⁵	Ton	---	---	48.00	---	---	48.00	48.00	43.00	44.00	44.00	44.00	45.00
Flaxseed, grade No. 1	Bu	2.90	---	2.90	2.90	---	2.90	2.90	2.90	2.90	2.90	2.90	2.80
Soybeans	Bu	2.50	---	2.50	2.50	---	2.50	2.50	2.25	2.25	2.25	2.25	2.30
Beans, dry edible	Cwt	6.38	---	6.38	6.37	---	6.37	6.33	6.32	6.32	6.32	6.32	6.32
Crude pine gum, processed	Bbl	---	---	35.71	---	---	35.60	35.60	35.60	35.60	34.28	34.28	28.98
Castor beans	Lb	---	---	.055	---	---	---	---	---	---	---	---	---

¹ Per bushel value of domestic certificate issued to eligible producers.
² Represents wheat accompanied by domestic marketing certificate.
³ Indicates that a payment provides part of the support or incentive.

⁴ Payment and total apply to producers planting within their domestic allotments in 1964 and 1965; in 1966, 1967, and 1968, to cooperators.
⁵ For purchases from producers.
⁶ Subject to review of parity prices.

UNITED STATES DEPARTMENT OF AGRICULTURE



(Organization as of April 1, 1969)

ACTIVITIES OF THE U.S. DEPARTMENT OF AGRICULTURE

Prepared by the Office of Budget and Finance, U.S. Department of Agriculture,
March 1969

The Department of Agriculture was established by an act of Congress approved by President Lincoln in 1862 to meet the needs of American farmers for technical, economic, and educational assistance. Since its establishment, the Department's role has broadened to meet expanding needs for international programs, and programs and services of benefit to consumers and the general public. In carrying out these responsibilities the Department, through the following agencies, works closely with State agencies and educational institutions having responsibility in the field of agriculture.

AGRICULTURAL RESEARCH SERVICE

The Agricultural Research Service conducts basic, applied, and developmental research relating to farm research, including cost of production research, research on utilization of agricultural products, nutrition and consumer use, and marketing. It also conducts those control and regulatory programs of the Department which involve enforcement of plant and animal quarantines, the control and eradication of diseases and insect pests of animals and plants, and related work. The purpose of these programs is to insure a continued abundance of agricultural commodities and products to meet the increasing needs of an expanding economy and to provide for a continued improvement in our standard of living.

RESEARCH

Research is conducted at the Agricultural Research Center, Beltsville, Md., where many projects of the Agricultural Research Service and other agencies are underway, and at numerous locations in the States, Puerto Rico, the Virgin Islands, and in several foreign countries. A large part of the research is in cooperation with State agricultural experiment stations and other public and private agencies. Research is also conducted under contracts, grants and cooperative agreements with various public and private agencies and institutions.

The research work is grouped under the following major categories: (a) farm research, (b) utilization research and development, (c) nutrition and consumer use research, and (d) marketing research.

Farm research.—This research is concerned with livestock, crops, entomology, soil and water conservation, and agricultural engineering.

Livestock investigations are conducted on farm livestock, poultry, and domestic fur animals to develop superior strains and types,

establish nutritive requirements, determine means of maintaining maximum fertility, achieve efficient use of feed and forage in the production of meat, milk, eggs, wool, fur, and other products; and develop improved and efficient livestock management methods and practices. Practical methods of control of diseases and of parasites affecting livestock are developed. Research on foot-and-mouth disease and other foreign diseases is conducted at Plum Island, N.Y.; and at the National Animal Disease Laboratory, Ames, Iowa, simultaneous research is conducted on approximately 27 contagious diseases, as well as certain activities related to livestock regulatory programs.

Crop investigations are conducted to develop improved varieties of food, feed, fiber, and other plants; and to improve production practices, including methods to control plant diseases. Entomology research is conducted to develop biological and other nonchemical methods for the control of harmful insects; for the use of beneficial insects affecting farm production; and to develop and test new chemical formulations for the control of crop pests which will be effective, economical, and avoid residue hazards.

Soil and water investigations are conducted to improve soil management and irrigation practices; to develop and improve conservation practices and techniques; to study hydrologic problems of agricultural watersheds; and to determine the relation of soils to plant, animal, and human nutrition.

Agricultural engineering research is conducted to apply engineering principles to improving efficiency and reducing costs of agricultural production.

Such research is aimed at the profitable production of an adequate supply of food, feed, fiber, and other agricultural products of desired quality at minimum costs. Increased attention has been given to studies on protection of plants, animals, and natural resources from harmful effects of polluted soil, water, and air. Research also concerns the application of remote sensing techniques in meeting agricultural problems.

Utilization research and development.—Chemical, physical, and biological studies are conducted to develop new and improved foods, feeds, drugs, fabrics, industrial chemicals, and other products from agricultural commodities; to devise better processing methods; and to increase the use of byproducts. Such research is aimed at increasing the total market demand for farm products, especially for their increased use for industrial purposes. The research conducted includes studies to protect food and feed products from harmful micro-organisms and naturally occurring toxins and studies of health-related problems of tobacco. Increased effort is being given to the processing of agricultural commodities to minimize waste formation and to utilize waste products to avoid pollution.

Nutrition and consumer use research.—Investigations are conducted on human nutritional requirements, the composition and nutritive value of foods, and consumer and food economics. The research aim is to determine nutrient requirements and how foods can supply these to best assure nutritional well-being of people throughout their life-span, to provide up-to-date information about food consumption and nutrition of the population, and to develop improved procedures for household preparation, care, and preservation of foods which will preserve their nutritional, sanitary, and wholesome quality.

Marketing research.—This research is directed toward developing practical answers to reduce costs and maintain product quality in moving products from the farm to the consumer. In cooperation with public and private agencies and trade groups, efforts are made to develop safe methods to protect against insect attack and to find objective methods to determine quality, reduce losses from waste and spoilage, and improve efficiency in the physical handling of farm products as they move through marketing channels. The work includes research at each stage of marketing such as assembly points and storage facilities, and of transportation at terminal or central markets. Research is also concerned with mycotoxins in agricultural products in relation to off-farm handling, conditioning, and storage.

PLANT AND ANIMAL DISEASE AND PEST CONTROL

This work is organized under three major categories: (1) plant disease and pest control; (2) animal disease and pest control; and (3) pesticides regulation.

Plant disease and pest control.—This work is divided into two categories: (a) control and domestic quarantine operations designed to protect agriculture from destructive insect pests, nematodes, and plant diseases, including inspection to detect and appraise infestations, application of pesticides and other control methods, supervision of treatments required by plant quarantines, and certification of regulated articles for shipment under quarantines; and (b) protective measures, primarily inspections at ports of entry, which are carried out to prevent the introduction from abroad of insect pests, nematodes, and plant diseases, and certification of the absence of plant pests on plants and plant products for export.

Operations to eradicate, suppress, or control outbreaks of injurious pests and plant diseases, including those of foreign origin which may have gained a foothold in the United States, are carried on in cooperation with Federal, State, local agencies, individuals, and in some cases foreign governments. Programs are being conducted to control or eradicate a number of insect pests, nematodes, and plant diseases such as the cereal leaf beetle, grasshopper, gypsy moth, Japanese beetle, cotton boll weevil in the High Plains of Texas, pink bollworm, burrowing nematode, and witchweed. A contingency fund is available for combating emergency outbreaks of insects and plant diseases.

Animal disease and pest control.—This activity includes determination of the existence and extent of infectious, contagious, and communicable diseases of livestock and poultry, and the planning and organizing of national programs, in cooperation with State, Federal, and other officials and agencies, for control and eradication. This involves inspection, particularly of public stockyards, quarantine, testing, diagnosis, condemnation and disposal, disinfection, and other measures. The Service may partially compensate owners of condemned diseased animals in certain programs. Current activities include control or eradication programs on tuberculosis, brucellosis, fever ticks in cattle, scrapie of sheep, scabies of livestock, hog cholera, miscellaneous diseases, and screw-worm—a serious pest of warm-blooded animals.

This program also includes administration of acts and regulations regarding interstate transportation of livestock and poultry, and the 28-hour law which is designed to obtain humane treatment and prevent losses of livestock moving interstate. The Virus-Serum-Toxin Act, and laws and regulations covering the inspection and handling of animals for exportation are also administered. The transportation, sale and handling of dogs, cats, and certain other animals intended to be used for research or experimentation is regulated through enforcement of the Laboratory Animal Welfare Act. In order to prevent the introduction into the United States of diseases, or vectors of diseases, and parasites from foreign countries, the Service also administers laws and regulations covering the importation of livestock and poultry including animal byproducts such as hides, wool, bone meal, et cetera, and related materials.

Pesticides regulation.—This activity is concerned with the administration and enforcement of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and related provisions of the Federal Food, Drug, and Cosmetic Act to prevent the sale of mislabeled and inadequately labeled economic poisons, and to safeguard farmers and other users from injury to crops, livestock, or themselves, and from loss resulting from deceptive, careless, or fraudulent marketing practices.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

ACREAGE ALLOTMENTS AND MARKETING QUOTAS

The purpose of this program is to carry out acreage allotment and marketing quota programs authorized by title III of the Agricultural Adjustment Act of 1938 as amended. These programs are designed to keep the production of tobacco, peanuts, wheat, cotton, and rice in line with demand in order to give each farmer a fair share of the available market and the total production required.

Each national acreage allotment is set in accord with legislative provisions designed to provide ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level and under certain other circumstances as well (for Flue-cured tobacco, the 1969 program is based on an acreage-poundage limitation, while for other types of tobacco the regulation is based solely on acreage); for peanuts, marketing quotas are proclaimed each calendar year regardless of the supply situation; for upland cotton and rice, when the total supply exceeds the normal supply; for extra long staple cotton, when

the total supply exceeds the normal supply by more than 8 percent; and for wheat, when the Secretary determines that in the absence of a marketing quota program the total supply in the marketing year beginning in the next succeeding calendar year will likely be excessive. There is no provision for national marketing quotas for the 1966-69 crops of wheat under existing legislation (Public Law 88-297).

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Acreage allotments and/or quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

VOLUNTARY FEED GRAIN PROGRAM, 1969

The 1969 program is designed to (1) improve farm income, (2) provide feed grain and livestock prices which are fair and equitable to both producers and consumers, (3) develop our export potential, and (4) maintain adequate but not excessive reserves.

The program is virtually unchanged from 1968, except that diversion of barley—in addition to corn and grain sorghum—acreage is required to be eligible for price support.

Price support will be through a combination of loans and supplemental payments for these three grains. Loan levels for corn will be \$1.05 a bushel; sorghums, \$1.61 a hundredweight; barley, 83 cents a bushel; oats, 63 cents a bushel; and rye, \$1.02 a bushel. Participation in the diversion program is not required to be eligible for loans on oats and rye.

In addition to loans, program participants will be eligible for price-support payments at the following rates: corn, 30 cents a bushel; sorghums, 53 cents a hundredweight; and barley, 20 cents a bushel. Such payments will be made on acreage planted for harvest up to the smaller of the permitted acreage or 50 percent of the farm base. Soybeans planted in lieu of feed grains will not earn price-support payments.

Participants will be required to divert 20 percent of their combined corn, sorghum, and barley base to conserving uses. They may also divert additional acreage for payment at 45 percent of the applicable county support price times the farm yield. Maximum diversion will be the larger of 50 percent of the farm base or 25 acres. To be eligible for benefits, participants must divert the acreage agreed to at the time of enrollment. In addition they must maintain the normal acreage (1959-60 average) in conserving use, including summer fallow and idle land on the farm.

Special provisions are provided for small farms—those with bases of 25 acres or less. These provisions permit payment for required diversion, paid for at 20 percent of the support price.

Producers with feed grain bases up to 125 acres will have the option of temporarily reducing this base down to 25 acres and still be eligible for the small farm provision providing (1) they plant no corn, grain sorghums, or barley; (2) divert 25 acres to conserving uses; (3) grow no wheat on feed grain acreage.

Both diversion and price support payments are figured by multiplying the farm's program yield by the appropriate payment per bushel to obtain the per-acre payment.

Growers enrolling in both the feed grain and wheat programs may produce wheat on their combined feed grain base or feed grains (corn, sorghums, and barley) on their wheat allotment—within the total acreage permitted under both programs. Producers with oat-rye history may, on request, establish an oat-rye base on which wheat may be substituted.

VOLUNTARY WHEAT PROGRAM, 1969

Objectives of the 1969 voluntary wheat program include those to (1) assure adequate wheat production to meet requirements, and (2) maintain farm income.

The national wheat allotment for 1969 is 51.6 million acres.

The allotment brings a major change from the 1967-68 programs—there will be diversion equal to 15 percent of the farm allotment required for participation in 1969 and there will be payment for additional diversion below the allotment up to 50 percent of the allotment.

Any wheatgrower who produces within his 1969 farm wheat allotment or permitted acreage, and maintains his farm-conserving base, is eligible for price support. He is also eligible for marketing certificates on his domestic marketing allocation (43 percent of the projected production of the farm wheat allotment).

A wheat producer may sign up to overproduce his farm wheat allotment by up to 50 percent, store the excess, and still qualify for price-support loan and certificates. The stored production from the excess acres may be marketed in a later year when production on the farm may be down. This feature of the program is attractive to producers in high-risk areas.

A producer may elect to plant less than his full allotment and be eligible for maximum domestic marketing certificates by planting 43 percent of his allotment and meeting other program requirements.

A grower may substitute feed grains for wheat or wheat for feed grains when he signs up for both the feed grain and wheat programs. In addition, the grower may request the establishment of an oat-rye base for a farm with a production history of one or both of these crops, for purposes of producing wheat on such oat-rye acreage.

The program provides for maintenance of the conserving base in addition to the conservation use on the qualifying diversion acreage, and any voluntary additional diversion for payment below the farm allotment.

A wheat producer who complies with the program provisions will be eligible for domestic certificates valued at the difference between parity and the national average loan rate. The Secretary of Agriculture has determined that eligible producers will receive domestic marketing certificates on 43 percent of the projected production from the farm allotment.

THE 1969 UPLAND COTTON PROGRAM

The 1969 cotton program is designed to provide adequate supplies of quality upland cotton, for every demand, especially encouraging production of medium and longer staples; to maintain farm income; and to keep U.S. cotton competitive with other fibers and with foreign cotton.

As in previous years, the 1969 program continues price support loans at a level lower than the estimated world price. Also continued is the "one price" cotton provision making it possible for U.S. cotton to move in either domestic or export channels without a payment to the handler, user or exporter. This arrangement is aimed at pricing cotton competitively and thereby maintaining larger markets at home and abroad for U.S. cotton.

The 1969 voluntary cotton program continues price-support payments and loans to participating farmers, but—unlike previous years—has no provision for diversion payments and no requirement for diverted acreage.

Farm allotments continue to be based on the 16 million minimum national acreage allotment. Effective allotments continue to reflect the farm allotment plus or minus any adjustments due to release, reapportionment, or sale, lease or transfer by owners. Participation will be based on effective farm allotments.

Provision is continued for a limited acreage to farmers who wish to produce cotton for export only. These producers will receive no program benefits.

Price-support loans are again available to growers who participate in the program. Individual loan rates will be based on a national average loan rate of 20.25 cents per pound for Middling 1-inch cotton at average location.

Price-support payments will be 14.73 cents per pound, up from 12.24 cents in 1968. The payment will be earned on the farm's domestic allotment, which is 65 percent of the effective allotment. The payment of 14.73 cents will be made on the farm projected yield multiplied by the farm's domestic allotment, or the acreage planted if it is less than 90 percent of the domestic allotment.

A special provision for the 1969 program is designed to benefit small farms. (These are defined as farms with cotton allotments of 10 acres or less or with projected production from the allotment of 3,600 pounds or less and from which no allotment has been released.)

Small farms may plant their full allotment and, besides qualifying for regular price-support payment on the domestic allotment, these farms are also eligible for a small-farm payment of 11.26 cents a pound times the farm projected yield times 35 percent of the farm allotment.

Farms may receive this small-farm payment without planting any cotton and the farm allotment will be considered as "devoted to cotton production" for determination of history acreage and for future allotments. But those releasing acreage will not be eligible for small-farm payment.

The small farmer is also eligible for the regular price-support loan on his entire production.

The 1969 program provides an export acreage reserve of 187,500 acres. Under this provision a producer may request and be allotted a share of the export acreage reserve; however, no price support will be available for cotton produced on that farm, or any other farm in which the producer with export market acreage has a controlling or substantial interest. Further, all cotton produced on a farm with export market acreage must be exported.

Any farmer may sell or lease his upland cotton allotment to another farmer in the same county. The price at which any such sale or lease is

made is a matter of negotiation between the parties concerned. Transfers of allotments are limited to not more than 100 acres above the 1965 cotton acreage allotment for the farm to which the allotment is transferred.

In counties where growers have voted approval, upland cotton allotments may be sold or leased outside that particular county. A landowner may transfer an allotment to another farm which he owns or operates. In no case may the allotments be transferred outside the State.

THE SUGAR PROGRAM

To stabilize both supply and price, the sugar program is authorized by the Sugar Act of 1948, as amended, most recently by Public Law 89-331 (approved November 5, 1965). Program provisions are in effect through December 31, 1971.

Operations are designed to provide American household and industrial consumers with adequate supplies of sugar at reasonable prices which will, at the same time, fairly and equitably maintain and protect the welfare of the domestic sugar industry. A third objective is to promote the export trade of the United States.

The domestic sugar industry has an enviable record of efficiency and productivity gains under the program. Sugar is one of the things purchased by consumers for which the price increase has been least. Nevertheless, the domestic production of sugar has increased about in line with the growth of the sugar market which has been at or slightly in excess of the rate of increase in population.

The total sugar requirements of U.S. consumers for each calendar year are estimated by the Secretary of Agriculture. This determination, made during the fourth quarter for the following year, and revised later if the needs change, establishes the quantity of sugar that may be marketed in the United States during the year.

Based on this estimate, quotas representing market shares (as specified in the law) regulate the entry of sugar into the continental United States from off-shore areas and the marketing of sugar by U.S. continental areas.

For domestic sugarbeet and sugarcane areas, the Secretary, if he restricts production, must see that each sugar producing farm gets its share of the available market. In dividing the market, the Secretary must allow for enough sugar to fill the quota for the applicable year and to provide for a normal carryover inventory. Production is unrestricted on all farms if crop prospects indicate that production will not be enough to fill the area's quota and provide a normal carryover.

When it is determined that production plus carryover is likely to be greater than needed, restrictive proportionate shares are established for each farm. Restrictive proportionate shares were last in effect for the domestic beet sugar area in 1966. They have been in effect for the mainland cane sugar area since 1965. Restrictions have not been needed in the domestic off-shore areas in recent years.

Conditional payments are made to domestic producers of sugarcane and sugarbeets who comply with certain requirements:

- Who do not market in excess of specified quantities;
- Who do not employ child labor;
- Who pay wages deemed to be fair under determinations established by the Secretary, and

Who (in the case of processor-producers) pay other producers of sugarcane and sugarbeets prices that are determined by the Secretary to be fair and reasonable.

Special conditional payments are authorized also for crop deficiency or abandonment of planted acreage caused by natural disasters.

The Sugar Act also imposes a tax of about 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in the continental United States for direct consumption. An equivalent duty is levied on imported direct-consumption sugar. The tax extends until June 30, 1972. Receipts under the sugar program have exceeded Government outlays by about \$600 million during the life of the program.

For the 1969 sugar program, the Secretary determined that U.S. requirements would be 10.6 million tons.

Domestic sugar producing areas' quotas for 1969 include: domestic sugar beet area, 3,120,333 tons; mainland cane area, 1,134,667 tons; Hawaii, 1,200,000 tons; Puerto Rico, 1,140,000 tons; and the Virgin Islands, 15,000 tons—for a domestic total production of 6,610,000 tons.

Allocations to foreign producing countries, including proration of the quotas withheld from Cuba and Southern Rhodesia, totaled 3,990,000 tons, which are to be supplied by 31 foreign countries.

AGRICULTURAL CONSERVATION PROGRAM

The agricultural conservation program, which is administered by this Service, shares costs with farmers and ranchers to encourage and assist them to carry out on their farms and ranches authorized new and additional soil-building and soil- and water-conserving practices.

The program is designed to (1) restore and improve soil fertility; (2) minimize erosion caused by wind and water; (3) conserve water on the land, and (4) assist in wildlife conservation practices.

Cost sharing is offered only for on-farm conservation measures considered necessary to meet the most urgently needed conservation problems which would not otherwise be carried out to the extent needed in the public interest. To be eligible, except in restricted emergency cases, the farmer must request cost sharing before beginning the practice. In lieu of cash reimbursement, cost-sharing assistance may be in the form of partial payment by the Government of the purchase price of materials and services needed by the farmer for carrying out approved practices. The farmer bears the balance of the cost which amounts to about 50 percent and in addition supplies labor and management necessary to carry out the practices. Materials and services are obtained through private sources where practicable.

The program is conducted in all agricultural counties of the 50 States, and in Puerto Rico, and the Virgin Islands. It is carried out in the field through the agricultural stabilization and conservation committees. Allocations of funds for cost sharing are made to the States on the basis of conservation needs.

CROPLAND ADJUSTMENT PROGRAM

Title VI of the Food and Agriculture Act of 1965 authorizes the Secretary to enter into agreements with producers during the period 1965 through 1969 to divert, for periods of not less than 5 nor more than 10 years, acreage currently being used for production of row,

grain, and tame hay crops to protective conservation use from which a crop generally cannot be harvested or pastured. In return the participant receives adjustment payments for each acre diverted and cost-sharing assistance to help establish the minimum needed protective conservation use. Those participants who agree to permit free public access for fishing, hunting, hiking, and trapping may get an additional per acre payment.

The CAP program authority was extended through December 31, 1970, by Public Law 90-559.

To qualify for the program a farmer must have been the operator during the year prior to the first year of the agreement. Farms on which ownership has changed during the 3-year period prior to the first year of the agreement period will in most cases be ineligible. To avoid adverse effect on the local economy of a county or a trade area the total acreage which will be placed under agreement therein will be limited. Cropland crop acreage and allotment history will be preserved for the designated acres for the period of the agreement and for an equal period thereafter as long as the approved practice is maintained.

Under another provision of the program called Greenspan, CAP also helps local State and other government agencies to acquire cropland for nonfarm uses such as the preservation of open spaces and natural beauty, wildlife development and recreation, and the prevention of air and water pollution. The program provides funds toward purchasing the land, figured at the same rate as would have been used had the land remained in the hands of the farmer, not to exceed 50 percent of the cost of the land. A share of the cost of establishing conservation practices on this cropland can also be provided by the program.

CROPLAND CONVERSION PROGRAM

The cropland conversion program provides for long-range agreements with farm and ranch owners and operators to make changes in their cropping systems and land uses to (1) change permanently to better productive use cropland that is not well suited for crop use, and (2) temporarily shift to better productive use land that is suitable for crop use but not currently needed for crops.

The agreements provide for payments, the furnishing of materials and services, and other assistance to farmers in consideration of their obligations to change the land use and to install and maintain conservation practices.

The law places a limit of \$10 million on payments made in a calendar year.

CONSERVATION RESERVE PROGRAM

The conservation reserve program authorized by the Soil Bank Act is a long-range program under which farmers have voluntarily contracted to take cropland out of production for a specified number of years and devote it to conservation uses. In return the farmer receives (a) an annual rental payment for the contract period; and (b) assistance in either cash or conservation materials and services for carrying out approved conservation practices on the reserved acreage. Farmers are required to apply approved conservation practices to the reserve acreage which include establishing grasses, legumes,

or trees, or to devote it to soil-water-forest or wildlife conservation practices. They may not harvest a crop from the reserved acres or graze them, except when authorized in emergencies. Although authorization to accept additional contracts under this program ended with the 1960 program year, producers earn annual payments for the remaining years of term contracts (ranging from 3 to 10 years) still in effect.

APPALACHIAN REGION CONSERVATION PROGRAM

In order to provide for the control and prevention of erosion and sediment damages in the Appalachian region and to promote the conservation and development of the soil and water resources of the region, the Secretary of Agriculture enters into agreements of not more than 10 years with landowners, operators, and occupiers, individually or collectively, in the Appalachian region determined by him to have control for the period of the agreement of the lands described therein, providing for land stabilization, erosion and sediment control, and reclamation through changes in land use, and conservation treatment including the establishment of practices and measures for the conservation and development of soil, water, woodland, wildlife, and recreation resources.

AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

At the State and local levels, the functions and responsibilities of the Agricultural Stabilization and Conservation Service, as well as those of the Commodity Credit Corporation, are administered by State, county, and community agricultural stabilization and conservation committees, referred to as ASC committees.

These committees, established in accordance with the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, are described as follows:

Committee members are elected by their neighbors. They make local program decisions, and they direct the office staffs which do the necessary detailed administrative work. The offices maintained by the committees are the farmers' local contact for business connected with participation in the programs listed below.

Committees of farm producers were first used by the Secretary of Agriculture in local administration of the agricultural adjustment programs of the early 1930's. Later legislation specifically provided for the use of farmer committees in carrying out program provisions—and it provided general directives for the election of committee members.

Currently, farmer committees administer locally the following programs:

- (1) Acreage allotments and marketing quotas.
- (2) The agricultural conservation program.
- (3) The conservation reserve of the soil bank.
- (4) The cotton program.
- (5) The cropland adjustment program.
- (6) The cropland conversion program.
- (7) The disaster feed program.
- (8) The feed grain program.

- (9) Price-support loans and purchases.
- (10) The sugar program.
- (11) The wheat program.
- (12) The wool program.

The "committee system" administrative line in the field starts with Agricultural Stabilization and Conservation (ASC) State committees. Under the general supervision of these State committees are some 3,000 elected ASC county committees, each of which is in turn assisted by elected committees in designated local communities.

ASC State committees include from three to five members, appointed by the Secretary of Agriculture. In addition, in each State, the Director of the Agricultural Extension Service is an ex-officio member of the committee.

The State committee is responsible for the administration of farm programs in each State and for general supervision of the work of county committees. Each State committee appoints a State executive director who supervises and directs the work of the State office staff under policies established by the committee.

The ASC county committees—one in each "agricultural" county—have three farmer-members. Members are elected by community committeemen in annual county conventions. One committeeman is elected each year, with two committeemen being holdovers. The county agricultural extension agent is an ex-officio member of the committee, or serves as the committee secretary. However, he does not have committee voting rights in either position.

Alternate county committeemen are elected at the time of the annual committeemen elections. If for any reasons a committeeman cannot serve, either temporarily or permanently, the first alternate committeeman serves in his place.

Each ASC county committee employs a county office manager who, for the committee, hires the necessary employees for office and field-work and sees that the day-to-day office operations are effectively and efficiently performed. The county committee, however, is responsible for program and administrative policies and decisions at the county level.

To assist the county committee in carrying out program administration, community committees of three farmers each are elected annually by other farmers in each of several local communities within the county. The designated communities may follow township, school zone, or other natural boundary lines. As in the case of the county committees, alternate community committeemen are also elected at the annual elections—to serve if one of the "regular" committeemen cannot.

In general, those eligible to vote in the annual ASC committee elections are persons of legal voting age who have an interest in a farm as owner, tenant, or sharecropper, and who are participating or are eligible to participate in the programs administered by the committees.

To hold office as a committeeman, a person must be eligible to vote in the committee elections, must reside in the county or community, as the case may be, and must meet certain other minimum requirements designed primarily to make sure that political activity is in no way involved in committee decisions or operations.

A total of approximately 90,000 farmers serve annually throughout the country as county or community committeemen. They perform a very important function in seeing that the farm programs are practical and appropriate and that they are administered effectively.

COMMODITY CREDIT CORPORATION

Purpose.—The Commodity Credit Corporation (CCC) is a wholly owned Government corporation, created in 1933 to stabilize, support, and protect farm income and prices; to assist in the maintenance of balanced and adequate supplies of agricultural commodities; and to facilitate the orderly distribution of such commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are price-support programs for agricultural commodities, including the storage, handling, and disposition of commodities acquired under the programs; acreage diversion programs; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended, which are financed by appropriations authorized by statutes providing for the activities. Under section 4 of the Food for Peace Act of 1966, CCC may finance short-term export credit sales on credit terms not to exceed three (3) years under its Export Credit Sales Program.

Management.—Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex officio director and chairman of the board. The board consists of six members, in addition to the Secretary, who are appointed by the President of the United States by and with the advice and consent of the Senate. A bi-partisan advisory board of five members, also appointed by the President, surveys the general policies of the Corporation and advises the Secretary. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

Price support.—The Corporation, through loans, purchases, payments, and other means, supports the prices of agricultural commodities to producers. This is done mainly under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) and the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.).

The 1949 act makes price support mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco. It also requires support of the following nonbasic commodities: Tung nuts, honey, milk, butterfat, and the products of milk and butterfat, barley, oats, rye, and grain sorghums. The National Wool Act of 1954, as amended (7 U.S.C. 1781–1787) requires price support for wool and mohair. Price support for other nonbasic commodities is discretionary. However, whenever the price of either cottonseed or soybeans is supported, the support price of the other must be set at such level as the Secretary determines will cause them to compete on

equal terms on the market. The price support program may also include operations to remove and dispose of surplus agricultural commodities in order to stabilize prices at levels not in excess of those permissible by law.

The principal methods of providing price support are loans to, and purchases from, producers. With limited exceptions, price support loans are nonrecourse. The commodities serve as collateral for the loan, and upon maturity thereof, the producer may deliver such collateral to satisfy his obligation without further payment, unless there is a deficiency in quantity or quality, or the producer is guilty of fraudulent representation.

Direct purchases are also made from processors as well as producers, depending on the commodity involved. Also, special purchases for the removal of surpluses are made under certain laws, for example: The act of August 19, 1958, as amended (7 U.S.C. 1431 note), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431). In the case of feed grains, in addition to loans and purchases, a portion of the price support is made through issuance of negotiable payment-in-kind certificates which are handled in the same manner as payment-in-kind certificates issued under the feed grain acreage diversion programs. In the case of upland and extra-long-staple cotton, in addition to loans, producers receive price-support payments in cash or in payment-in-kind certificates. In the case of wheat, in addition to loans and purchases, producers receive marketing certificates as hereinafter described.

In all the price-support operations, normal trade facilities are used to the maximum extent practicable. Local banks, cooperatives, and other financial institutions are used in lending activities. Commercial facilities are used to a great extent for storage.

Besides the Charter Act and laws mentioned above, many other laws are applicable to the disposition through sales, donations, and barter of commodities acquired under the price-support program.

For accounting purposes, the Corporation credits to the price-support program sales proceeds of commodities sold from its price-support stocks, including those disposed of through redemption of domestic and export payment-in-kind certificates and through special activities.

Commodity export.—The Corporation promotes the export of agricultural commodities and products through sales, barter, payments, and other operations. Other than in barter for stockpiling purposes, such commodities and products may be those held in private trade channels as well as those acquired by the Corporation in its price support operations. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and (f), and in accordance with specific statutes where applicable. Export sales for foreign currencies are made under the Agricultural Trade Development and Assistance Act of 1954, as amended, although such sales of commodities owned by the Corporation may also be made under its charter authority.

The activities described below are illustrative of those conducted under this program during 1969. With respect to barter, the emphasis is on exports in connection with various types of offshore procurement of materials and services needed by the Department of Defense, the Agency for International Development, and other agencies, for which

they pay the Corporation. Barter may also be made for strategic and other materials for the supplemental stockpile, but such barter is on a limited scale. Commodities available for barter vary from time to time.

When necessary to encourage export movement from free market supplies, as well as from its own stocks, the Corporation makes payments on wheat, wheat flour, cotton, corn, grain sorghum, barley, oats, rye, rice, flaxseed, linseed oil, tobacco, butter, nonfat dry milk, milk fat, and cheese. The rate of payment generally is the difference between the prevailing world export sales price and the domestic market price, and in the case of wheat, the payments are made at levels needed to meet U.S. obligations under the international grains arrangement.

To help develop or expand foreign markets, the Corporation also furnishes farm commodities and products for samples or exhibits at international trade fairs and for use abroad in testing consumer acceptance and commercial market potentials.

To maximize exports of agricultural commodities, including products thereof, the Corporation conducts an export credit sales program under which it finances commercial export credit sales by exporters of agricultural commodities obtained either from CCC inventories or from private stocks. The financing agreement between CCC and the exporter provides for payment, with interest, in U.S. dollars within periods of not to exceed 3 years, assured by both acceptable bank obligations and an assignment of the account receivable arising from the export sale. The payments received are applied against current costs. These commercial transactions are financed under the Corporation's charter authority and section 4 of the Food-for-Peace Act (7 U.S.C. 1707a) and are to be distinguished from the long-term credit contracts involving foreign assistance authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended. Section 4 of the Food-for-Peace Act of 1966 authorizes appropriations to reimburse the Corporation annually for its actual costs incurred or to be incurred under this program. Estimates for this activity are included under special activities.

Storage facilities.—The Corporation conducts a program to provide storage adequate to fulfill its program needs. This program is conducted pursuant to sections 4 (h) and (m), and 5 (a) and (b) of the charter.

The Corporation has authority to buy bins (in storage-short areas) and equipment for the care and storage of grain owned by Commodity Credit Corporation or under its control. This authority to purchase bins has not been exercised since 1956. The Corporation has now reduced its storage capacity by more than 50 percent. The Corporation makes loans for the purchase, building, or expanding of facilities for storage and care of commodities on the farm and sells to producers and others bins needed for the storage of grain. Bins sold by the Corporation may be those acquired for resale for this purpose or those which are no longer required by the Corporation for the storage of its own grain. Public Law 89-758 permits the sale of grain storage facilities no longer needed for such program use to public and private nonprofit agencies and organizations. The Corporation may also provide storage use guarantees, to encourage building of commercial storage and undertake other operations necessary to provide storage adequate to carry out the Corporation's programs.

Supply and foreign purchase.—The Corporation procures from domestic and foreign sources food, agricultural commodities, and products and related materials to supply the needs of Federal agencies, foreign governments, and private and international relief agencies. It similarly procures or aids in the procurement of such foods, commodities, products, and material for sale to meet domestic requirements during periods of short supply or during such other times as will stabilize prices or facilitate distribution. Through purchases, loans, sales, or other means, the Corporation may also make available materials and facilities needed for the production and marketing of agricultural commodities. The Corporation, on behalf of the Secretary, also purchases at market prices dairy products which are donated to meet the requirements for schools, domestic relief distribution, community action programs, and other programs as are authorized by law when there are insufficient stocks of such products in the hands of the Corporation available for such purposes.

Purchases for other Federal agencies of commodities not in the Corporation's price-support stocks has been the main activity. Purchases of limited quantities of breeder, foundation, and registered seeds of improved varieties of grasses and legumes are made through production contracts in order to assure supplies thereof for farmers. No foreign purchases have been made in recent past years.

This program is conducted under section 5 (b) and (c) of the Commodity Credit Corporation Charter Act and with respect to dairy products under section 5(g) of that act and section 709 of the Food and Agriculture Act of 1965. Section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9), requires that the Corporation be fully repaid from funds of such agencies for services performed, losses sustained, operating costs incurred, or commodities bought or delivered to or on behalf of any other Federal agency. Operations not subject to section 4 may involve losses if such are necessary to the accomplishment of the objectives of the particular operation.

Feed grain acreage diversion program.—An acreage diversion program is conducted on 1968 and 1969 crops of feed grains by the Agricultural Stabilization and Conservation Service utilizing the facilities and stocks of the Corporation. Under this program payments are made to farmers who divert acreage from the production of feed grains to an approved conservation use. This program is carried out under the Soil Conservation and Domestic Allotment Act, as amended by the Food and Agriculture Act of 1965 (Public Law 89-321), as extended by Public Law 90-559, approved October 11, 1968.

Payments are made by the issuance of negotiable payment-in-kind certificates. The farmer may elect either to have the certificate redeemed in feed grains from the Corporation's stocks or if he requests the Corporation's assistance in the marketing of the certificate he may obtain cash by issuance by the Corporation of a negotiable sight draft. The Corporation markets rights represented by certificates on which it has made cash advances to buyers for redemption in feed grains from its stocks.

Wheat certificate program.—A wheat certificate program for 1968 and 1969 crops is conducted by the Agricultural Stabilization and Conservation Service utilizing the funds and facilities of the Corporation. This program is authorized by the Agricultural Adjustment Act of

1938, as amended by the Food and Agriculture Act of 1962, the Agricultural Act of 1964, and the Food and Agriculture Act of 1965 as extended by Public Law 90-559.

Under the voluntary wheat certificate program, domestic marketing certificates are issued to participating farmers which may be sold at face value to Commodity Credit Corporation. Processors of wheat are required to buy domestic certificates equivalent to the number of bushels of wheat used in the manufacture of the food products.

Exporters may not ship abroad any wheat without buying export marketing certificates equivalent to the number of bushels exported at a cost determined by the Secretary to make U.S. wheat and wheat flour competitive in the world market, avoid disruption of world market prices, and fulfill the international obligations of the United States. The net proceeds, if any, from the sale of export marketing certificates, after deducting export subsidies paid exporters, will be distributed to producers on a pro rata basis.

Wheat acreage diversion program.—An acreage diversion program is conducted on the 1969 crop of wheat by the Agricultural Stabilization and Conservation Service under section 339(b) of the Agricultural Act of 1938, as amended by the Food and Agriculture Act of 1965 as extended. Payments will be made to wheat producers who divert a portion of their acreage to approved conservation use through issuance of CCC sight drafts.

Cotton acreage diversion program.—An acreage diversion program is conducted on the 1968 and 1969 crops of upland cotton by the Agricultural Stabilization and Conservation Service under Section 103(d) of the Agricultural Act of 1949, as amended by the Food and Agriculture Act of 1965, as extended. Cotton producers who reduce cotton acreages by diverting a portion of their cotton acreage allotments to conservation uses receive payments from CCC in cash or payment-in-kind certificates which CCC will redeem for cotton. CCC may assist the producers in the marketing of certificates in the same manner as it assists feed grain producers in the marketing of their payment-in-kind certificates.

Administrative expenses.—Administrative expenses are for the operating staff and the services of employees of the Agricultural Stabilization and Conservation Service engaged in the Corporation's activities, services performed by the Foreign Agricultural Service and other agencies of the department, costs of audit, and payments to the General Services Administration for space. Estimates for 1970 include a limitation of \$31.5 million for costs of administration including a reserve of not less than 7 percent for contingencies.

Except for purchases and donations under section 709 of the Food and Agriculture Act of 1965, the requested authorization, excludes administrative expenses in connection with the supply program, which has a markup in the sales price to cover administrative expenses, and excludes the wool and mohair program, under the National Wool Act of 1954, as amended, and the sale of long-staple cotton transferred from the national stock pile, which are included with the costs of those programs under "Special activities."

Nonadministrative expenses.—Expenses of acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest have been treated as

program rather than administrative expenses. Such expenses include inspection, classing, and grading work performed on a fee basis by Federal employees or Federal or State licensed inspectors; work performed on a contract or fee basis by Agricultural Stabilization and Conservation county committees; and special services performed by other Federal agencies outside of this department.

Most of these general nonadministrative expenses, including storage and handling, transportation, inspection, classing and grading, and reseal payments are included in program costs, in the entry entitled "Storage, transportation, and other costs not included above," in the program and financing schedule. The item "Nonadministrative expense" which appears in the schedule covers county offices, other ASCS expenses offset by revenue, custodian, and agency expense of the Federal Reserve banks and lending agencies, and miscellaneous costs.

The Corporation receives reimbursement for grain requisitioned pursuant to Public Law 87-152 (7 U.S.C. 447-449) by the States from Corporation stocks to feed resident wildlife threatened with starvation through the appropriation "Reimbursement for net realized losses." The Corporation also obtains recovery through this appropriation for the funds transferred to the Agricultural Research Service pursuant to the Department of Agriculture and Related Agencies Appropriation Act of 1964 for cost of production research and other related research designed to reduce surplus commodities held by the Corporation.

SPECIAL ACTIVITIES

These activities are carried out under authority of section 5(g) of the Corporation's Charter Act and specific statutory authorizations or directives with respect thereto which are currently in effect or which may subsequently be enacted.

The Corporation receives appropriations or reimbursement for cost of these activities as described under each.

To the extent sufficient appropriations are not provided in advance, expenditures under the Agricultural Trade Development and Assistance Act of 1954, as amended, and investments in materials transferred to the supplemental stockpile, are made by the Corporation subject to reimbursement from subsequent appropriations authorized for such purpose.

Activities currently being carried out are as follows (see foreign assistance programs and special export programs for details of items (1)-(4)):

- (1) *Sale of agricultural commodities for foreign currencies.*
- (2) *Sale of agricultural commodities for dollars on credit terms.*
- (3) *Commodities disposed of and other costs incurred in connection with donations abroad.*

- (4) *Bartered materials for supplemental stockpile.*

(5) *Military housing (barter and exchange).*—During 1957, a contract was completed for the disposition of Corporation-owned commodities valued at \$50 million for the construction of military housing in France with foreign currencies obtained from this transaction. Title 10, United States Code section 2681(b) as amended, provided for annual payment to the Corporation by the Department of Defense until liquidation of the amounts due for foreign currencies obtained under Public

Law 480 for military housing. It is estimated that \$2 million will be applied against the amounts due under the French housing transaction in each of 1969 and 1970. Beginning in 1967, the Treasury Department has classified this as a nonexpenditure transaction. The agreement between the Commodity Credit Corporation and the Department of Defense provides that upon sale of any of the housing, the Corporation will receive the proceeds.

(6) *National Wool Act*.—Under the National Wool Act of 1954, as amended, incentive payments are being used to encourage the annual domestic production of about 300 million pounds of shorn wool. Support of prices of wool and mohair is mandatory. Incentive payments are made to eligible producers in order to bring the national average price received by all producers up to the announced incentive level which is determined in accordance with a formula specified in the act.

Total payments made under the National Wool Act cannot at any time exceed an amount equal to 70 percent of the accumulated totals, as of the same date, of the gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

Funds of the Commodity Credit Corporation are used to carry on this program. For the purpose of reimbursing the Corporation, section 705 of the act appropriates each fiscal year an amount equal to amounts expended by the Corporation during the preceding year and to amounts expended in prior fiscal years not previously reimbursed but not to exceed an amount equal to 70 percent of the gross receipts from duties collected on wool and wool manufactures during the calendar year preceding the fiscal year.

(7) *Grain for migratory waterfowl feed*.—To prevent damage of crops by migratory waterfowl, the Corporation is directed to furnish to the Secretary of the Interior (7 U.S.C. 442–445) such grain acquired through price support operations and certified by Commodity Credit Corporation as available for such purposes or in such condition as to be undesirable for human consumption, as the Secretary of the Interior shall requisition. This appropriation item is included under that department.

(8) *Surplus grain for migratory birds*.—Under Public Law 87–152, approved August 17, 1961 (7 U.S.C. 448) the Secretary of the Interior may requisition grain of the Corporation to feed starving migratory birds. This appropriation item is included under that department.

(9) *Grading and classing activities*.—The Corporation may make advances to the Consumer and Marketing Service for classing and grading of agricultural commodities without charge to producers (7 U.S.C. 414a, 440). Such advances used for classing cotton and grading tobacco not placed under price support loan are repaid from an appropriation of the Consumer and Marketing Service.

(10) *Research to increase domestic consumption of farm commodities*.—The Department of Agriculture and Related Agencies Appropriation Act of 1964 authorized the transfer of not more than \$16 million from the appropriation “Removal of surplus agricultural commodities” (sec. 32) to the Corporation to be used to increase domestic consumption of surplus farm commodities, and provided for the transfer for such purposes thereafter of such sums not in excess of \$25 million in any one year, as may be approved by Congress. The 1965 Appropria-

tion Act authorized the transfer of \$12,175,000 of section 32 funds for this purpose. The Corporation transfers such funds to the Agricultural Research Service and Cooperative State Research Service to conduct the required research. For comparability, all transactions under this item are shown in the budget schedules for these two agencies (except expenditures).

(11) *Defense activities.*—Upon the declaration of a national emergency, the facilities, services, authorities, and funds of the Commodity Credit Corporation may be used, as directed by the Secretary of Agriculture and in accordance with applicable provisions of law, to carry out responsibilities and functions assigned to the Secretary of Agriculture under the Defense Production Act of 1950, as amended, the Civil Defense Act, as amended, and such other defense legislation as may be enacted.

(12) *Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.*—The act of July 10, 1957 (71 Stat. 290), authorized the transfer of 50,000 bales of domestically grown cotton from the national stockpile to the Corporation for sale. Also, about 219,000 bales of cotton, both American-Egyptian and foreign grown, in the stockpile were made available to the Corporation for disposition under Public Law 87-548, approved July 25, 1962. The cotton is not recorded as a Corporation asset. Proceeds less costs incurred, including administrative expenses, are covered into the Treasury as miscellaneous receipts from time to time. No interest is paid by CCC for the use of the money prior to covering.

(13) *Loans for agricultural conservation.*—Under section 391(c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391(c)), the Corporation advances funds to the Secretary in amounts not to exceed \$50 million annually to purchase conservation materials and services. Repayments of the loans plus interest are made in the succeeding fiscal year from funds appropriated for the agricultural conservation program.

(14) *Use of CCC facilities for Agricultural Stabilization and Conservation Service program.*—Under the respective enabling legislation, the services, facilities, and authorities of the Corporation are used to make payments to producers under various programs administered by the Agricultural Stabilization and Conservation Service.

No disbursements are made unless funds have been received in advance from the applicable appropriation. Among these programs are: Soil bank, cropland conversion, agricultural conservation, cropland adjustment, Appalachia regional conservation, emergency conservation measures, and the Sugar Act program.

CCC sight drafts are issued by ASCS county offices for county operating expenses paid through local county committee bank accounts. The Corporation receives advances from the appropriation "Expenses, ASCS" to cover the sight drafts drawn.

(15) *Export credit sales (short-term).*—This program is described under Commodity Credit Corporation—Commodity export program, on p. 64.

(16) *Advance to Farmers Home Administration.*—Under Public Law 90-328 (82 Stat. 169) CCC advanced \$30 million to the emergency credit revolving fund (7. U.S.C. 1966). This advance plus interest is to be reimbursed out of appropriations to the fund for fiscal year 1970.

FINANCING

Borrowing authority.—The Corporation has an authorized capital stock of \$100 million held by the United States and authority to borrow up to \$14.5 billion.

Funds are borrowed from Treasury and may also be borrowed from private lending agencies. In connection with loan guarantees, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made or held by lending agencies or other financial institutions or certificates of interest issued in connection with the financing of price-support operations. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the act of March 8, 1938 (15 U.S.C. 713a-4).

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest is also paid on certificates of interest and lending agency obligations for the period the agencies have their funds invested.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after June 30 of the fiscal year in which such losses are realized.

Contract authorization.—Price-support and other programs required by statute may result in the Corporation incurring obligations in excess of available funds and borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to CCC. Any increase in obligations in excess of available fund resources is reported as a contract authorization in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the authorization.

Appropriations.—Under Public Law 87-155 (15 U.S.C. 713a-11, 12), annual appropriations are authorized for each fiscal year to reimburse the Commodity Credit Corporation for net realized losses incurred as of the close of each year.

The special activities are financed as indicated in the program description above. In addition to certain reimbursements for other agencies, appropriations are made for the National Wool Act (see above) and for foreign assistance and special export programs.

FOREIGN ASSISTANCE PROGRAMS

Included in this category are the following activities carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended by the Food for Peace Act of 1966 (Public Law 89-808, approved Nov. 11, 1966), and by Public Law 90-436, approved July 29, 1968: Sale of agricultural commodities for foreign currencies (title I); sale of agricultural commodities for dollars on credit terms (title I); and commodities disposed of and other costs incurred in connection with donations abroad (title II).

Foreign currencies for U.S. uses, certain foreign currency grants, and uses of foreign currency loan repayments are subject to the appropriation process. Sales agreements specify particular uses, and in those entered into after December 31, 1964, at least 20 percent of the foreign currencies are required to be subject to the appropriation process, with certain exceptions. Such uses reduce dollar outflow and the deficit in the balance of payments of the United States. The Corporation is reimbursed for the dollar value of currencies so used. Proceeds from sales of foreign currencies and from dollar repayments of foreign currency loans are applied as a reduction in appropriation requests.

Section 509 of Public Law 86-500, approved June 8, 1960 (7 U.S.C. 1704b note), provides that at least 75 percent of the total cost of foreign military housing projects (unless otherwise specified) shall be paid from foreign currencies acquired under title I.

Sales of agricultural commodities for foreign currencies or for dollars on credit terms are made under title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended by the Food for Peace Act of 1966 (Public Law 89-808 and Public Law 90-436).

The Commodity Credit Corporation finances all sales made pursuant to agreements concluded under title I. Sales are made to friendly countries—as defined in section 103(d) of the act—and must not displace expected commercial sales for cash dollars (103(n)).

No agreements may be entered into after December 31, 1970 (sec. 409, as amended). Agreements may not be made under title I in any calendar year which call for an appropriation to reimburse Commodity Credit Corporation in excess of \$1.9 billion, plus unused prior years' authorizations.

Whenever practicable, terms of agreements must require payment at time of delivery of not less than 5 percent of the purchase price in dollars or in currencies convertible to dollars. These initial payments will apply against costs to reflect a reduction in appropriation requests. On credit agreements under title I, the President is authorized to require payment upon delivery in dollars or foreign currencies of amounts needed for payment of U.S. obligations and certain other purposes.

Factors determining availability of commodities for disposition under Public Law 480 are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if the disposition thereof would reduce the domestic supply below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars.

The Commodity Credit Corporation may finance the total ocean freight charges on U.S.-flag vessels in the case of dollar credit sales and section 103(b) convertible foreign currency sales. Only the differential between U.S.-flag rates and world rates may be financed in the case of regular foreign currency sales.

1. *Sale of agricultural commodities for foreign currencies and for dollars on credit terms (title I).*—*Sale of agricultural commodities for foreign currencies (title I).*—Sales of agricultural commodities for foreign currencies are made to countries unable to expand commercial

purchases because of a lack of dollar exchange. Foreign currencies received in payment are deposited to the account of the U.S. Treasury and can be used only as stated in section 104. The dollar value of such deposits through June 30, 1968, amounted to \$11.9 billion.

Uses fall into two groups—those of benefit to the foreign country, mainly loans and grants to promote economic development and to support common defense, and those of benefit to the United States. The latter includes, among others, expenses of the U.S. Government abroad, agricultural market development, educational exchange, construction of military family housing, and sales of foreign currency to U.S. citizens and American tourists.

Sale of agricultural commodities for dollars on credit terms (title I).—Sales of U.S. agricultural commodities under long-term dollar credit terms are also authorized. The act provides for a progressive shift from foreign currency sales to dollar credit sales, to be completed by December 31, 1971.

Agreements are made with friendly countries or with United States and foreign private trade. They may provide for delivery in annual installments for not more than 10 years from the date of the agreement subject to the availability of the commodity.

Payments are in dollars with interest at rates not less than the minimum required by section 201 of the Foreign Assistance Act of 1961, as amended, for loans made under that section. Payments are made in reasonable annual amounts over periods of not to exceed 20 years from the date of last delivery in each calendar year under the agreement, except that the first annual payment may be deferred for a period not later than 2 years after such date of last delivery. Interest is computed from the date of such last delivery. As payments are received each year, they are applied against current costs to reflect a reduction in the appropriation request. Private trade agreements must provide for projects to establish improved storage or marketing facilities or otherwise encourage private economic enterprise in friendly countries.

To the extent that transition from foreign currency sales to dollar credit sales is not possible, transition to convertible foreign currency credit sales is authorized on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement. Credit terms are to be no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, which authorizes loans to be made on the basis of payment in 40 years with a 10-year grace period. Dollar payments, when received, will also be applied to reduce appropriation requests.

2. Commodities disposed of and other costs incurred in connection with donations abroad (title II).—Available agricultural commodities are furnished to meet famine or other urgent or emergency relief needs. Also, commodities are furnished to promote economic and community development in friendly developing countries, to combat malnutrition, and for needy people, nonprofit school lunch, and preschool feeding programs. They are furnished through friendly governments and private or public agencies, including intergovernmental organizations such as the world food program. The Food for Peace Act, in amending title II, expressed the sense of Congress that other advanced nations should be encouraged to make increased contributions for the purpose

of combating world hunger and malnutrition, and that to achieve this objective the United States should work to expand the United Nations' world food program.

The Agency for International Development is responsible for administering title II programs. However, Commodity Credit Corporation makes available the commodities or products requested for disposition under title II. Such commodities or products are made available from the Corporation's stocks of commodities or products acquired under its price support program or are purchased at market prices when it is determined to be in the best interest of the Government.

The Commodity Credit Corporation is authorized to pay with respect to commodities made available the costs of acquisition, packaging, processing, enrichment, preservation, fortification, transportation handling, and other incidental costs incurred up to the time of delivery to U.S. ports and ocean freight charges and general average contributions arising out of ocean transport.

Seven and one-half million dollars each year may be used to buy foreign currencies accruing under title I of this act to meet costs (other than personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies) directed to community and other self-help activities designed to alleviate the causes for the need for such aid.

Through December 31, 1968, appropriations totaling \$4,300 million were authorized. No programs of assistance may be entered into after December 31, 1970, and none shall be undertaken under this title during any calendar year which call for an appropriation of more than \$600 million to reimburse the Corporation for costs incurred, including its investment, plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations in amounts less than authorized during the preceding year. Any incidental sales proceeds and proceeds from loss, damage, and other claims are applied against Commodity Credit Corporation costs to reflect a reduction in appropriation requests.

SPECIAL EXPORT PROGRAM

In addition to the foreign assistance programs described, the Commodity Credit Corporation conducts a special export program for bartered materials for the supplemental stockpile (7 U.S.C. 1856).

Under section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856), the Commodity Credit Corporation transfers to the supplemental stockpile, which was established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, strategic and other materials acquired from the barter and exchange of agricultural commodities. This does not cover those acquired for the national stockpile or for other agencies on a reimbursable basis.

Appropriations are authorized for the value of the transfers based on the lower of cost to Commodity Credit Corporation or domestic market price.

COMMODITY EXCHANGE AUTHORITY

The Commodity Exchange Authority administers the Commodity Exchange Act of June 15, 1936, as amended, which provides for regulation of trading and pricing on designated commodity exchanges. The major purposes of this regulation are to maintain fair and honest trading practices and open and competitive pricing on exchanges, and to prevent price manipulation, market corners, and the dissemination of false and misleading crop and market information affecting commodity prices. Other responsibilities of regulation are to protect market users against cheating, fraud, and abusive brokerage practices in commodity transactions, and to safeguard the handling of traders' funds by preventing the misuse of such funds by commodity brokers. The act also authorizes the preparation and issuance to the public of statistics and reports on futures trading and conditions that affect the markets.

The basic legislation of 1922 was designated as the Grain Futures Act, and conferred limited authority with respect to futures trading in grains only. By later amendments the short title of the legislation was changed to "Commodity Exchange Act" and the regulatory provisions were strengthened and extended to other specified commodities. The Commodity Exchange Authority supervises trading in 33 commodities, namely, wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, Irish potatoes, wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil, and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, livestock products, and frozen concentrated orange juice. There has been no futures trading recently in 12 of these commodities, namely, barley, cottonseed, cottonseed meal, flaxseed, lard, mill feeds, onions, peanuts, peanut oil, rice, tallow, and beef carcasses. While onions are still included as a commodity under the act, futures trading in onions has been prohibited by an act of the Congress.

The agency supervises trading by the direct surveillance of traders' operations based on required daily reports from large traders and commodity brokerage firms, by analysis of price movements in cash commodities and future transactions, and by other procedures. It enforces speculative limits applicable to individual large traders and commodity firms in grains, soybeans, cotton, shell eggs, and potatoes. The agency requires Federal registration of floor brokers on the exchanges and of commodity brokerage firms, and regularly makes audits of such firms to protect commodity customers against misuse of their funds by brokers. The agency conducts investigations of complaints and apparent violations of the act, and presents evidence in administrative proceedings and Federal court cases dealing with prosecutions of persons and firms accused of violating the act. The agency releases periodic statistical reports on futures trading and the composition of the markets in regulated commodities, and issues other reports on market surveys and studies of futures market conditions.

In addition to bringing new commodity markets under regulation, recent amendments to the act—

Authorized the establishment of minimum financial standards for brokerage firms handling customers' trading in regulated commodities;

Authorized the refusal, suspension or revocation of licenses of brokerage firms and floor brokers found unfit to engage in the business for which the licenses are sought or have been issued;

Increased the penalties for such law violations as price manipulation and embezzlement;

Authorized the issuance of cease-and-desist orders in cases where persons have been found guilty of violating the act;

Extended the fraud provisions of the act to cover all persons handling customers' orders;

Authorized the Secretary to disapprove exchange rules which violate the act or regulations issued thereunder; and

Required exchanges to enforce their rules relating to trading and contract terms.

CONSUMER AND MARKETING SERVICE

This agency was established February 8, 1965, through a reorganization which transferred the meat inspection functions from the Agricultural Research Service and the warehouse examination functions from Agricultural Stabilization and Conservation Service to the former Agricultural Marketing Service. Consumer protection services, consumer food programs, and the domestic phases of marketing and distribution functions of the Department are centered in the Consumer and Marketing Service. The agency is organized to aid in advancing the orderly and effective distribution of wholesome and high-quality products from the Nation's farms to the consumers. The work is carried on under several broad areas of activities.

MARKET NEWS

One broad area of activity which reaches into every section of the country and affects producers, dealers, handlers, and ultimately consumers of all major agricultural commodities is the countrywide market news reporting service. Objective current information is collected and disseminated on supply, movement, and price at specific markets for practically all agricultural commodities. In addition, a number of special reports are issued dealing with marketing problems of interest to major groups of producers. This is accomplished through the collection of market information at year-round and seasonal offices maintained in about 140 cities and towns and the dissemination of this information by mail, press, radio, television, telephone, telegraph, bulletin board, and trade and farm publications. This service is a major factor in assuring that production areas and consuming markets are tied together as part of an effective and efficient marketing system serving the American consumer.

INSPECTION, GRADING, CLASSING, AND STANDARDIZATION

Federal meat inspection is required for all meat in interstate commerce, and is conducted to assure a clean, wholesome, and unadulterated meat supply for human consumption. The work includes inspection of animals, carcasses and meat, and meat-food products at various stages of handling and processing. Measures are enforced to insure informative labeling and meats imported or exported are inspected. During fiscal year 1969 about 3,469 establishments located in 1,255 cities and towns will be covered. A cooperative Federal-State inspection program is expected to extend inspection to 7,000 intrastate plants.

Mandatory inspection for wholesomeness is also provided for all poultry and poultry products moving in interstate and foreign commerce. During fiscal year 1969 service is being provided at about 935 plants. About 20.9 billion pounds of poultry products are expected to be inspected during the year. This service is financed from federally appropriated funds except for overtime costs which are borne by poultry plants. A cooperative Federal-State inspection program has been authorized by the Wholesome Poultry Products Act of 1968, and is just beginning in 1969.

Other inspection, grading, classing, and standardization services provide for the establishment of uniform standards of quality for agricultural products. These standards promote confidence between buyers and sellers; reduce hazards in marketing due to disputes and misunderstandings which arise when nonstandard descriptions are used; encourage better preparation of products for market; and furnish consumers with more definite information as to quality of products they buy. The standards are applied directly by or under the supervision of the Consumer and Marketing Service employees at the request of any interested party for the classing of cotton, grading of cottonseed, testing of cotton fiber, inspection and grading of fruits, vegetables, dairy products, poultry products, grain and related products, tobacco and naval stores, and for the grading of meat and meat products. Fees or charges are assessed for most of the service in accordance with applicable policies and regulations. For some commodities the application of Federal grades and standards is mandatory.

Under the Smith-Doxey Act of 1937, farmers organized to promote improvement of cotton quality are eligible for free classing service. Under the Tobacco Inspection Act of 1935 producers selling tobacco at designated auction markets are eligible for free inspection and grading service.

REGULATORY ACTIVITIES

These activities include the administration and enforcement of several regulatory acts and the examination of warehouses storing CCC stocks. These laws assure fairplay in the marketplace and protect producers and handlers of agricultural commodities from financial loss due to deceptive, careless, or fraudulent marketing practices. Included among these acts are the Perishable Agricultural

Commodities, Produce Agency, U.S. Warehouse, Naval Stores, Export Apple and Pear, Export Grape and Plum, Tobacco Seed and Plant Exportation, and Federal Seed Acts. These acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) Licensing or registration; (2) supervision of operations of licensees or registrants; (3) collection and testing of samples; (4) formal decisions involving payment of reparation awards; (5) ascertaining the reasonableness of rates and charges; (6) suspension or revocation of licenses or registrations; (7) issuance of cease-and-desist orders; (8) determination of adequacy of bond coverage; (9) audits of books and records; (10) investigating complaints and violations; (11) settling disputes; (12) handling violations. Also, the Consumer and Marketing Service assists producers in obtaining and maintaining equitable and reasonable rates and charges for farm supplies and farm products that move to and from farms, and insures that the provisions of the Cotton Research and Promotion Act are carried out.

PAYMENTS TO STATES AND POSSESSIONS

Through this program, the Federal Government and the State departments of agriculture engage in a cooperative effort to obtain the practical application of marketing research results and the use of better methods in agricultural marketing.

Payments are made on a matched fund basis to State marketing agencies for projects designed to get improved marketing methods into practical use in the distribution of farm products. This program covers such projects as methods of maintaining and improving the quality of products; ways of reducing marketing costs; improving the organizational structure of the marketing system; and use of special local market information to move abundant supplies to the most profitable market. Forty-four States are conducting 163 projects in fiscal year 1969.

CHILD NUTRITION PROGRAMS

The primary objective of the child nutrition programs is to make the best possible nutrition available to every child, regardless of the economic condition of the child's family or the local district. Special emphasis is directed toward reaching needy children in low-income areas in schools, child-care centers, settlement houses, recreation centers, and similar nonprofit institutions devoted to the care and training of children. These programs also contribute to a second major objective, to increase farm income by expanding agricultural markets. These programs are authorized by the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended.

School lunch program.—Food assistance, in the form of both funds and food, is provided to the States, as defined in the National School Lunch Act, in serving lunches to schoolchildren. The program during the peak month in 1968 provided lunches to about 36.7 percent of the approximately 51.2 million schoolchildren in the country. The number of lunches served increased approximately 1.6 percent over 1967. Participation in the program in December 1967 reached 18.8 million children in 71,983 schools and an appreciable increase is expected in 1969 and 1970.

Special assistance.—Section 11 of the National School Lunch Act provides for special assistance to schools drawing attendance from needy families for serving free or reduced price lunches. In fiscal year 1968, about 800 schools were designated to serve lunches at special assistance rates. About 185,000 children in these schools were served 37 million lunches. The goal for 1970 is to provide lunches for every needy child in the country by year end.

School breakfast program.—In fiscal year 1968, programs operated in schools in 47 States, the District of Columbia, and Puerto Rico. About 70 percent of the breakfasts were served free or at token charges to children. By the end of fiscal year 1969, it is estimated that the program will be operating in some 1,500 schools with about 200,000 children participating.

Nonfood assistance program.—About 755 schools in 49 States, the District of Columbia, Guam, and American Samoa, serving meals to some 191,488 children, received equipment assistance of about \$744,000 in fiscal year 1968. In 126 of these schools, no food service had been available prior to receiving equipment funds. In order to provide nutritious meals, many schools in the country must be provided funds for equipment. In 1969, the funds provided will reach about 500 schools. The increase for 1970 would be sufficient to provide equipment for 1,000 schools at an average contribution of \$10,000 a school.

State administrative expenses.—These funds are to be used for supervising and giving technical assistance to the local school districts and service institutions for the administration of additional activities undertaken by them to extend the school lunch special assistance, school breakfast, nonfood assistance programs and the nonschool food program to reach more needy children.

Nonschool food program.—A pilot program has been authorized for 3 years to assist States through grants-in-aid and other means, to initiate, maintain, or expand nonprofit food service programs for children in service institutions. These programs will reach preschool and school-age children during the summer months in settlement houses, neighborhood houses, and recreation centers, and provide year-round assistance in child day-care centers. All meals served must meet minimum nutritional standards as a condition for receiving assistance. This new program is being initiated in 1969.

Commodity procurement.—Section 6 of the National School Lunch Act provides additional commodities to schools to supplement foods purchased locally for the lunch program. Section 6 procurement helps to insure nutritionally adequate lunches and appreciation for quality foods. Protein items of chicken and meat accounted for two-thirds of the purchases in fiscal year 1968. The remaining one-third was fruits and vegetables. In fiscal year 1969 frozen ground pork, chicken, and fruits and vegetables are being purchased. During 1968 about \$1,161 million worth of agricultural commodities and other foods were used. About 24 percent of this amount represented commodities contributed under section 6 and the Federal surplus removal and price support programs. Over 76 percent was purchased through local suppliers.

SPECIAL MILK PROGRAM

The Agricultural Act of 1961 (Public Law 87-128), approved August 8, 1961, authorized an appropriation for the special milk program and extended it through June 30, 1967. The Child Nutrition Act of 1966 incorporated the special milk program and extended it through fiscal year 1970. The funds are to be used to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under, and in nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. Over 94,400 schools and child-care institutions took part in the program in 1968 with total consumption of about 3 billion half pints of milk.

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

Under section 32 of the act of August 24, 1935, as amended, an amount equal to 30 percent of customs receipts collected during each calendar year and unused balances up to \$300 million are available for encouraging the exportation and domestic consumption of agricultural commodities. This includes removing from the market surplus agricultural commodities principally through—

Purchases for distribution through State distributing agencies to school lunch programs, to needy persons, and to institutions eligible to receive such purchases;

Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets; and

Encouragement of domestic consumption by diversion from normal channels of trade to byproducts and new uses.

The basic authority also provides that these funds shall be devoted principally to perishable nonbasic agricultural commodities and their products, other than those receiving price support under title II of the Agricultural Act of 1949, as amended. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose. The remainder of the funds may then be used for other authorized purposes. Not to exceed 25 percent of funds available under the act may be used for any one commodity or product thereof.

Public Law 540 (84th Cong.) provides authority whereby an additional sum of \$500 million may be appropriated annually to further carry out the purposes of section 32, of which not to exceed 50 percent of such funds may be used for any one commodity.

Section 32 funds are also used for operating expenses consisting of—

(a) Surplus removal operating expenses which include administrative costs for direct removal of surpluses from the market, and distribution by the Consumer and Marketing Service of section 32 and CCC commodities to eligible domestic outlets. These funds are also used to encourage the marketing of abundant foods through food promotions; and

(b) The formulation and administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

In fiscal year 1969, section 32 funds are being used in developing and implementing additional ways to provide food and training in the use of food to needy people. These include:

A. A special feeding program which provides:

(1) Supplemental food packages to expectant and new mothers, infants, and children up to 6 years of age in low-income households.

(2) Cash grants to States to provide: free or reduced-price lunches to needy students; breakfasts for children who come from low-income households or children who must travel long distances to school; assistance to schools in acquiring food preparation and service equipment and assistance to States in financing the payment of their administrative costs.

B. Training and supervision of food and nutrition aides who go into their communities and work with individuals and groups of hard-to-reach poor in improving their level of living, especially nutrition and diets.

C. Financial assistance to enable counties to begin food distribution to needy families and to enable the USDA to operate food distribution programs in those counties unwilling to initiate a food distribution program.

DISTRIBUTION OF SURPLUS AGRICULTURAL FOODS

The Consumer and Marketing Service has responsibility for the domestic distribution of surplus agricultural foods donated under the authority of section 32 of the act of August 24, 1935, as amended, and section 416 of the Agricultural Act of 1949, as amended. Distribution of these foods is made to schools, charitable institutions, and needy persons in such a manner as not to diminish normal expenditures for food.

A total of 1,668.6 million pounds of food was distributed to domestic users during fiscal year 1968. An average of 3.2 million needy persons in family units received commodities each month; 21.1 million school-children and 1.2 million needy persons in charitable institutions also received donated commodities in fiscal year 1968.

The following table shows the quantity and cost of foods donated for domestic use in the 1968 fiscal year:

	Quantity (million pounds)	Cost (millions)
Schools.....	797.3	\$220.5
Institutions.....	148.1	23.2
Needy persons.....	723.2	124.0
Total.....	1,668.6	367.7

As of December 31, 1968, 188 counties were locally administered with financial assistance and 49 counties were operated by the Department of Agriculture. A total of 3.7 million needy persons were receiving commodities on December 31, 1968.

FOOD STAMP PROGRAM

The pilot food stamp program was started late in fiscal year 1961 to test this method of improving the nutritional level of underprivileged families and strengthening the agricultural economy by expanding the demand for food in the Nation's retail foodstores.

The success of the pilot operations led to enactment of the Food Stamp Act of 1964 (Public Law 88-525) on August 31, 1964. This legislation provides continuing permanent authority for the program, and authorized appropriations of not to exceed \$75, \$100, and \$200 million for fiscal years 1965-67. On September 27, 1967, Public Law 90-91 was approved extending appropriation authority through fiscal year 1969 and authorizing \$200 and \$225 million for fiscal years 1968 and 1969, respectively. On October 8, 1968, Public Law 90-552 was approved, extending appropriation authority through December 31, 1970, and authorizing \$315 million for fiscal year 1969, \$340 million for fiscal year 1970, and \$170 million for the 6 months ending December 31, 1970.

At the end of fiscal year 1968, about 2.4 million people in 1,027 areas were participating. When the fiscal year 1969 expansion is completed, the food stamp program will be helping some 3.6 million needy people in some 1,553 areas in 43 States and the District of Columbia.

A participating family's normal food expenditure is maintained by requiring that, based on family size and income, participants purchase a specific value of coupons. Early in fiscal year 1968 the purchase requirement was lowered to \$0.50 per person per month for the lowest income households, and the purchase price of coupons was reduced by one-half for all *new* participants for the first month. The supplemental or bonus coupons provided without charge, again based on family size and income, permit the family to upgrade its diet. Over \$451 million in food coupons were issued during the 1968 fiscal year. The Federal contribution amounted to \$173.1 million—38 percent of the total. On a per person basis, participants, on the average, paid \$10.50 a month and received a total of \$17.03 in coupons.

During January 1969 approximately 2,860,000 persons were using the food coupons to purchase their food needs. Coupons totaling \$50.2 million were issued during the month of which \$19 million were bonus coupons. Early in 1969 the Agriculture Department established in Beaufort and Jasper Counties in South Carolina a pilot project providing food stamps free to the very low income needy, without any financial contribution by the stamp recipients. This project may be a forerunner to a possible large-scale expansion of the food stamp program.

 COOPERATIVE EXTENSION SERVICE

The Cooperative Extension Service is the educational agency of the Department of Agriculture. It is a partnership between each State land-grant college and university and the Department in cooperation with local governments and local people. This informal educational program in agriculture and home economics and subjects relating thereto strives to develop in rural America a citizenry that is informed, efficient, and self-reliant in their farm, home, business, and community.

Extension brings to people the results of research and economic analyses, as well as information on Government programs directly affecting their welfare. It is extension's responsibility to encourage and help people to apply this information in their own situations.

Federal, State, and local governments jointly finance, operate, and share leadership responsibilities for extension's educational activities. About 15,000 persons are employed, of whom about 11,000 are working directly with the people in every rural county in America. These local representatives are county agricultural agents, who work with farmers; home economics agents, who work with homemakers; and 4-H Club agents, together with the agricultural and home economics agents, who work with boys and girls from 9 to 19 years of age.

Using every available teaching method and communication channel, these county agents explain the reasons for and demonstrate effective ways of adopting new and improved farming and homemaking practices. They provide stimulation and advice in helping individuals to join in groups to better understand community, county, and broader situations, and to meet more successfully the larger problems that cannot be met on an individual basis. The values of county extension workers' efforts are further extended by volunteer leaders trained by the agents, by civic organizations, business, churches, and other groups concerned with rural welfare.

In performing these functions, extension joins with people in helping them to identify their needs, problems, and opportunities; study their resources; become familiar with specific methods of overcoming problems; analyze alternative solutions to problems; and arrive at the most promising course of action in light of their own desires, resources, and abilities.

The agents work with a great variety of specific audiences using an equally wide variety of techniques. For example, more and more use is being made of area agents with specialized talents to give commercial farmers the highly technical kind of help needed in today's scientific agriculture. At the other extreme, more and more use is being made of the paid nonprofessional aide. The aides provide a personalized service to show individual homemakers of very low-income families how to prepare donated foods to get maximum nutritional value; how to use their food stamps to raise their families' dietary level; and how to use their private resources to supplement help provided by public agencies.

Among the major objectives of this work are:

1. Maximum efficiency in agricultural production.
2. Maximum efficiency in marketing, distribution, and utilization of agricultural products.
3. Conservation, development, and wise use of natural resources.
4. Efficient management on the farm and in the home.
5. Improving family living.
6. To raise the dietary level of very low-income families and otherwise improve their families' general welfare.
7. Youth development by providing learning opportunities and practical experience in real-life situations.
8. Development of leadership ability among all people served
9. Development and utilization of community and area resources.
10. Development of a better informed citizenry on public affairs bearing directly upon their welfare.

As a partner in this cooperative effort, the Federal Extension Service is responsible, with the designated land-grant college, for administration, coordination, and program leadership of extension activities in the 50 States, Puerto Rico, and the District of Columbia. The Service administers Federal laws applying to extension work, works with committees of State directors in developing overall policy guidelines, maintains liaison with all Federal agencies which administer programs of interest to rural people, explores new educational methods, evaluates results of work performed in cooperation with State extension services, and coordinates all educational work of the Department of Agriculture.

COOPERATIVE STATE RESEARCH SERVICE

The primary function of the Cooperative State Research Service is to administer acts of Congress that authorize Federal appropriations for agricultural research carried on by the State agricultural experiment stations and other eligible institutions of the 50 States and Puerto Rico.

Acts under which payments to States may be made include:

1. Hatch Act of 1887, as amended (7 U.S.C. 361a-361i).
2. Act of October 10, 1962, authorizing grants for cooperative forestry research (16 U.S.C. 582a-582a-7).
3. Section 2 of the act of August 4, 1965 (7 U.S.C. 450i), authorizing grants for support of scientific research.
4. Act of July 22, 1963, authorizing grants for facilities (7 U.S.C. 390-390k).

Administration of payments and grants involves the review and approval in advance of each individual research proposal submitted by a State agricultural experiment station or other State institution to be financed in whole or in part from Federal-grant funds, the disbursement of the funds, and the continuous review and evaluation of research programs and expenditures thereunder. The Service also encourages and assists in the establishment and maintenance of cooperation within and between the States, and participates in the planning and coordination of research programs between the States and the U.S. Department of Agriculture.

ECONOMIC RESEARCH SERVICE

The Economic Research Service develops and carries out a program of economic research designed to benefit farmers and the general public. The findings of this research are made available to farmers and others through research reports and through economic outlook and situation reports on major commodities, the national economy, and the international economy.

The ERS functions through a central office in Washington, D.C., and through a field organization which is involved chiefly in farm and marketing economic research. Much of the research is carried on in cooperation with State experiment stations, State departments of agriculture or marketing, and other State institutions.

The Service carries out the following major activities:

1. Farm economics research consists of a nationwide program of research dealing with the economic problems of agricultural production, rural development, and resource use. Farm production economics research includes analyses of farm production costs and efficiency, use of capital and labor in agriculture, profitable adjustments in farming, and financial problems of farmers. Natural resources economics includes studies on the extent, use, and management of land and water resources; on resource institutions; and on watershed and river basin development problems. Economic development research includes a broad program on economic development of rural areas, farm population and migration, opportunities and employment of rural people, and factors affecting them, including local governments and their organizations.

2. Marketing economics research includes economic and cost analyses and research relating to the marketing of specific agricultural commodities; the organizational structure and practices of commodity markets; costs and margins involved in the marketing of agricultural products; farmers' bargaining power; the economics of product quality and grade; market potentials, distribution, and merchandising of agricultural products; and the economics of transportation.

3. Domestic and foreign economic analysis. Domestic economic analysis consists of economic and statistical research on agricultural prices, farm income, commodity outlook and situation, the supply and consumption of farm products, and agricultural history. Foreign economic analysis includes economic studies of supply of, demand for, and trade in farm products in foreign countries and their effect on prospects for U.S. exports; analysis of farm export programs; progress in economic development and its relationship to sales of farm products; assembly and analysis of agricultural trade statistics; and analysis of international financial monetary programs and policies as they affect the competitive position of U.S. farm products.

EXPORT MARKETING SERVICE

ADMINISTRATION

The Export Marketing Service formulates and administers Commodity Credit Corporation and USDA export programs for the sale of agricultural commodities from privately owned and CCC-owned stocks. It provides overall policy, program direction, and coordination in the administration and operation of these programs. This Service allocates commodities determined to be available for export among Public Law 480 programs, and establishes export price review policies and programs for export sales under title I, Public Law 480.

COMMODITY EXPORT PROGRAMS

These programs involve formulation and administration of sales policies, programs, and procedures for the commercial export of privately owned and CCC-owned agricultural commodities. This includes exports under cash or payment-in-kind programs, and commercial sales, including sales under Government to Government and

Government to international relief agency contract agreements. Program implementation requires cooperation with other U.S. Government agencies, representatives of foreign governments, producer and market development associations, and U.S. and international trade firms in programs designed to maximize agricultural exports.

EXPORT CREDIT AND OPERATIONS PROGRAMS

These programs involve formulation and administration of programs, policies, and procedures relating to export credit programs which involve short-term CCC credit and long-term Public Law 480 dollar credit sales. They also involve negotiating Government-to-private-entity dollar credit foreign sales agreements under Public Law 480, implementation of both dollar and foreign currency sales programs, and the ocean transportation operations and services essential to transport commodities overseas. Program implementation requires cooperation with other U.S. Government agencies, representatives of foreign governments, export trade firms, domestic and foreign banks, and ocean-chartering agencies in facilitating U.S. agricultural exports.

BARTER AND STOCKPILING

This program involves negotiating and administering contracts to exchange agricultural commodities for (1) materials, goods, and equipment to meet requirements of other U.S. agencies (including programs for foreign economic and civilian procurement abroad), and (2) strategic and other materials to be stockpiled. It requires formulating and administering programs and policies for barter, cooperation with other U.S. Government agencies in determining the impact of current barter activities on foreign policy and U.S. balance of payments, and development in conjunction with other U.S. agencies new opportunities for enlarging the use of barter in support of U.S. Government objectives.

FARMER COOPERATIVE SERVICE

Farmer Cooperative Service through research, advisory, and developmental assistance helps farmers and other rural Americans live better by using cooperatives and by using them most effectively. The agency conducts research and advises on problems relating to organization, financing, management, merchandising, costs, efficiency, and membership. It promotes cooperative organization and development, both nationally and in developing countries, and works with the Federal Extension Service, land-grant colleges, State departments of agriculture, the Agency for International Development, and other Federal and State agencies.

Farmer Cooperative Service technical and developmental assistance and research are directed toward (1) improving prices for farm products and reducing farm operating expenses, (2) developing rural resources through cooperatives, (3) expanding cooperative services and increasing operating efficiency, and (4) increasing understanding of cooperatives by all Americans.

The agency also administers the Agricultural Fair Practices Act of 1967, which protects farmers' rights to organize and to join cooperatives.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration, established November 1, 1946, by the Farmers Home Administration Act of 1946, conducts the following activities:

1. Makes direct and insured farm ownership loans to farmers and ranchers for acquiring, enlarging, or improving farms, including dwellings and farm buildings; land and water development, use, and conservation; forestry development; recreational facilities; the development of nonfarm enterprises on farms; refinancing indebtedness, and for loan closing costs. Loans are limited to farms which are not larger than family farms and cannot exceed the normal value of the farm or \$60,000, whichever is the lesser. The loan limitation includes the unpaid indebtedness against the farm or other security. Loans are repayable in not more than 40 years and bear interest at 5 percent, except those for the development of family farm forestry enterprises which bear 3-percent interest. Insured loans are made with funds advanced by private lenders and payments of principal and interest to the lenders are fully guaranteed.
2. Makes direct and insured recreation loans to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations.
3. Makes direct and insured soil and water loans to individuals and direct and insured loans to associations. Loans are made to farmers, ranchers and nonoperator owners for land and water development, use, and conservation. Loans are made to public and nonprofit associations for the effective development and utilization of water supplies and waste disposal systems, and for the improvement of land by soil and water conserving facilities and practices. Loans to associations also may be made for shifts in land use, including grazing, the development of recreational facilities, and for irrigation development. Loans to associations are authorized in designated areas to repair or replace certain public facilities damaged or destroyed by a major disaster. Association loans may be made to serve residents of open country and rural towns and villages of not more than 5,500 population, which are not part of an urban area. Direct land conservation and development loans to individuals are made in the Appalachian region to establish and carry out land stabilization, conservation, and erosion control practices. Loans may be made on farms of any size. For loans to individuals, a loan cannot exceed the normal value of the farm or \$60,000, whichever is the lesser. The loan limitation includes the unpaid indebtedness against the farm or other security. For loans to associations, the unpaid principal indebtedness, together with the amount of any grant assistance, is limited to \$4 million. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent. Insured loans are made on the same basis as farmownership insured loans.
4. Makes grants for the preparation of comprehensive plans which coordinate the development of water and waste disposal systems in rural areas. Planning grants may be made to public bodies such as counties, townships, planning commissions, and similar units of government, and such other agencies as may have authorization to

prepare such official comprehensive plans. The amount of each such grant will be limited to the actual expenses for the preparation of the plan which are outside the normal budget of the recipient organization.

5. Makes grants for water and waste disposal development costs. Development grants are made to associations, including corporations operating on a nonprofit basis, municipalities, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Development grants to associations also are authorized in designated areas and under limited conditions to repair or replace certain public facilities damaged or destroyed by a major disaster. Such grants may not exceed 50 percent of the development cost of the projects and supplement other funds borrowed or furnished by applicants to pay development costs. No grant may be made which, together with any unpaid principal loan indebtedness of any association owed to the Farmers Home Administration, would exceed \$4 million at any one time.

6. Makes direct operating loans to farmers and ranchers for costs incident to reorganizing a farming system for more profitable operations; for a variety of essential farm expenses such as purchase of livestock, farm equipment, feed, seed, fertilizer, farm supplies, and other essential farm operating expenses, including cash rent, and costs incident to the production and harvesting of forestry products; for financing land and water development, use, and conservation, including recreational uses and facilities; for costs incident to nonfarm enterprises on farms; for refinancing indebtedness; for other farm and home needs; and for loan closing costs. Loans are confined to operators of not larger than family farms. The outstanding principal loan balance for operating loans is limited to \$35,000. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period. The rate for the 1969 fiscal year is 5.5 percent. Loans may be made for periods up to 7 years, but may be renewed for not more than 5 additional years. Loans are secured by crop and chattel liens and, when necessary, by real estate mortgages.

7. Makes direct emergency loans in designated areas where a natural disaster has caused a general need for agricultural credit which cannot be met for temporary periods by private, cooperative, or other responsible sources, including the Farmers Home Administration in its regular loan programs. Emergency loans are made to eligible established farmers, ranchers, or oyster planters, and to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting. Emergency loans may be made for any of the purposes for which farm ownership, soil and water, and operating loans are authorized. Loans bear interest at 3 percent and are repayable over periods not longer than regular loans made by the Farmers Home Administration for similar purposes. Loans may be made outside of designated emergency areas to persons or corporations who have suffered severe production losses not general to the area as a result of a natural disaster, or to persons who are indebted for emergency loans made by the Farmers Home Administration under prior authorities.

8. Makes insured rural housing loans to enable eligible applicants in rural areas to construct, improve, alter, repair, or replace dwellings and essential farm service buildings. Loans may include funds to buy a house, building site, and farm service buildings, and to refinance prior indebtedness under certain circumstances. If the borrowers are persons of low or moderate income, and if their need for necessary housing cannot be met with financial assistance from other sources, including assistance available under section 235 of the National Housing Act, the loans made by the Farmers Home Administration will bear interest at $5\frac{1}{8}$ percent with provisions for interest credits up to $4\frac{1}{8}$ percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design, and cost. Loans to persons other than those of low or moderate income bear interest currently at a rate of $6\frac{3}{4}$ percent plus one-half of 1 percent insurance charge. Insured building loans are made to farmowners, owners of other real estate in rural areas, other rural residents, and long-term farm leaseholders. These loans are repayable in not more than 33 years. Loans are limited to rural areas which include towns, villages, or other rural places with a population up to 5,500 inhabitants. The Farmers Home Administration, under authority delegated by the Department of Housing and Urban Development, will administer the interest supplement loans of the Federal Housing Administration when these loans are made in rural areas.

9. Makes direct rural housing loans to farmowners, to owners of other real estate in rural areas, to elderly rural residents, to long-term farm leaseholders, and to other rural residents. Rural housing loans are made to construct, improve, alter, repair, or replace dwellings and essential farm service buildings that are modest in size, design, and cost. Loans may include funds to buy a house, building site, and farm service buildings. Loans are repayable in not more than 33 years and bear interest not in excess of 5 percent. Loans are limited to rural areas which include towns, villages, or other rural places with a population up to 5,500 inhabitants. There are three types of direct rural housing loans to individuals being made, to which interest credits do not apply:

(1) Natural disaster loans are made at 3-percent interest to provide for repair or replacement of farm or rural dwellings, farm service buildings, and related facilities damaged by a natural disaster.

(2) Small buildings loans of \$1,000 or less are made at $5\frac{1}{8}$ percent interest if a local lender is not available to make the loan on an insured basis.

(3) Repair and improvement loans of \$1,500 or less are made at 1 percent interest only to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community.

10. Makes insured loans for rural rental and cooperative housing to individuals, corporations, associations, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low and moderate income in rural areas. These loans are repayable in not more than 50

years and bear interest at $5\frac{1}{8}$ percent with provision for interest credits up to $4\frac{1}{8}$ percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources including assistance available under section 236 of the National Housing Act. No loan may exceed \$300,000. Loans are limited to rural areas which include towns, villages, or other rural places with a population up to 5,500 inhabitants. The Farmers Home Administration, under authority delegated by the Department of Housing and Urban Development, will administer the interest supplement loans of the Federal Housing Administration when these loans are made in rural areas.

11. Makes direct loans for rural rental and cooperative housing to private nonprofit corporations and consumer cooperatives to provide modest cost rental or cooperative housing and related facilities for elderly persons with low or moderate income or other persons of low income in rural areas. These direct loans are repayable in not more than 50 years and bear interest at a rate of 3 percent. No loan may exceed \$300,000. Loans are limited to currently indebted borrowers.

12. Makes insured farm labor housing loans to a farmowner or to a public or private nonprofit organization to provide modest living quarters and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans, which are made with funds advanced by private lenders, are repayable in not more than 33 years and bear interest not in excess of 5 percent.

13. Provides financial assistance to public or private nonprofit organizations for low-rent housing and related facilities for domestic farm labor. Grant assistance, not to exceed two-thirds of the total development costs, may be provided for new structures or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries, or other essential services.

14. Provides financial and technical assistance and makes direct loans for training centers in rural areas. Loans and grants are made to local organizations for housing and related facilities for trainees and their families while they are in training courses designed to improve their employment capability. Consultation with several other Federal agencies is required with respect to the establishment of such rural training centers.

15. Provides financial assistance to local organizations to promote mutual or self-help housing. These grants are especially designed to aid the development of comprehensive plans to permit an expansion of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor.

16. Provides for making loans from a revolving fund for the purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low-income families or to organizations for rental or cooperative housing.

17. Provides technical assistance and makes direct loans for rural renewal activity to local public agencies or private nonprofit organizations for rural renewal projects specifically related to conservation and land utilization, including outdoor-oriented recreation. Each project financed with loan funds will be an important component of an overall

rural renewal plan developed to rebuild the economy of the designated area. To be eligible for designation as a rural renewal area, the locality must be one of chronic underemployment on farms and unemployment in the surrounding communities. The area must also be one in which agriculture or forestry contribute substantially to the economy. Rural renewal loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of a similar maturity. The rate for the 1969 fiscal year is 3.256 percent. Loans will not be made in excess of \$250,000.

18. Makes direct watershed works of improvement and flood prevention loans from funds in Farmers Home Administration direct loan account. Loans are made to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs. Watershed works of improvement and flood prevention loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1969 fiscal year is 3.256 percent. Total loans outstanding on any one project may not exceed \$5,000,000.

19. Makes direct resource conservation and development loans from funds in the Farmers Home Administration direct loan account. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans. Resource conservation and development loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1969 fiscal year is 3.256 percent.

20. Makes direct timber development organization loans in the Appalachian region from funds from the Appalachian Regional Commission to provide not more than one-half of the initial capital requirements of such organizations.

21. Makes grants in the Appalachian region from funds from the Appalachian Regional Commission to supplement the water and waste disposal loans and grants made by the Farmers Home Administration in that region.

22. Makes direct economic opportunity loans from funds appropriated to the Office of Economic Opportunity and collections on prior loans deposited in a revolving loan fund. Loans are made for both agricultural and nonagricultural enterprises to assist low-income farm families on farms not larger than family sized to improve their economic circumstances through the acquisition and development of resources. Loans for agricultural purposes may include funds for the purchase of livestock, equipment, land, membership in cooperatives, feed, seed, fertilizer, to refinance real estate liens and debts on other income-producing property, and for land and water development. Loans are made to farm families for nonagricultural enterprises to supplement farm income. Loans are also made to families in rural areas for nonagricultural enterprises which through the acquisition and development of resources will help improve their economic cir-

cumstances. These loans are repayable in not more than 15 years and bear interest at $4\frac{1}{8}$ percent. The outstanding principal loan balance for such loans to any individual may not exceed \$3,500.

Direct economic opportunity loans are also made to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies or facilities predominantly to low-income rural families when such services, supplies, or facilities are not otherwise being met and which will serve to raise and maintain the income and living standards of low-income rural families. These loans are repayable in not more than 30 years and bear interest at $4\frac{1}{8}$ percent.

23. Makes special impact grants from funds appropriated to the Office of Economic Opportunity. Grants are made for basic development of resources that will stimulate the economy of depressed rural areas which are designated for such assistance.

24. Under its "outreach" responsibilities helps local leaders in rural areas identify problems that are blocking economic growth and assists individuals and groups in rural communities to utilize services of other Federal and State programs which can meet their particular needs.

25. Under its comprehensive planning responsibilities helps the Secretary of Agriculture to consult with the Secretary of the Department of Housing and Urban Development regarding establishment of nonmetropolitan districts and the carrying out of comprehensive planning in such districts.

Technical guidance in planning and carrying out sound operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county or area committee of three is required to approve each applicant and each loan.

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation is a wholly owned Government Corporation, within the Department of Agriculture, created to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance on a national basis. Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers from losses resulting from negligence or failure to observe good farming practices.

All-risk crop insurance involves a high element of risk. The Federal Crop Insurance Corporation was inaugurated for the purpose of accumulating experience in this field and to fill a definite need in the agricultural economy. Commercial firms had been unwilling to enter the all-risk field. The scope of the FCIC program depends primarily upon the farmers' demand for this kind of protection. Thus the program will expand in future years in accordance with such farmer demand and in line with experience in developing a sound program.

FOREIGN AGRICULTURAL SERVICE

ANALYSIS OF FOREIGN AGRICULTURE AND TRADE

The Foreign Agricultural Service administers foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U.S. agriculture. It disseminates to American agriculture the basic information essential to aggressive foreign marketing of U.S. agricultural products and to making necessary adjustments to meet changing situations abroad.

The stabilization and expansion of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, the study of foreign competition with American products, the analysis of market situations affecting the sale of agricultural commodities throughout the world, and making facts obtained available to U.S. farmers, processors, exporters, and other interested groups.

Strong gains have been made in exports of U.S. farm products in recent years, particularly in commercial shipments that earn dollars and help the Nation's balance of payments.

AGRICULTURAL ATTACHÉS

Agricultural attachés are employed and stationed in 60 foreign posts throughout the world to represent U.S. agriculture. Their work includes a comprehensive system of reporting to meet the needs of U.S. agriculture, to speak on behalf of American agriculture at their posts, and to take appropriate steps in the development of foreign markets for U.S. agricultural products.

MARKET DEVELOPMENT

FAS cooperates continuously with about 40 U.S. trade and agricultural organizations on market development projects in more than 70 countries, and from time to time with an additional 30 organizations on special or short-term projects. These projects promote sales of U.S. farm products through participation in international trade fairs, establishment of permanent trade promotion centers, distribution of information on U.S. agricultural products, sponsorship of visits by foreign buyers and officials to the United States, market research, and related efforts to improve the competitive status and acceptability of American farm products in foreign markets.

IMPORT CONTROL PROGRAMS

Importation of commodities which render ineffective, or tend to interfere with, programs carried out by the Department is investigated under section 22 of the Agricultural Adjustment Act of 1933, as amended, and a recommendation for action is submitted to the President. Import controls are also administered, including the issuance of import licenses.

PUBLIC LAW 480 (FOOD AID PROGRAM)

The Foreign Agricultural Service has a major role in the administration of the various food and fiber sale and donation programs of Public Law 480 which are assigned to the U.S. Department of Agriculture. Food aid programs under Public Law 480 include title I, sales of U.S. agricultural commodities for foreign currency and long term dollar credits; title II, grants of Commodity Credit Corporation stocks of farm products for famine relief and other assistance, including donations through nonprofit voluntary agencies; title IV, emphasizes aid to friendly countries that are actively trying to help themselves.

The Foreign Agricultural Service is responsible for recommending to the Secretary which commodities are available for shipment under the food aid program and for consulting with other Government agencies in determining the countries eligible to participate in the program. It is also responsible for coordinating the development of food aid agreements, and for other aspects of the program not specifically delegated to other Government agencies.

The export market value of all food for peace shipments from inception of the program in July 1954 through the end of calendar year 1968 totaled \$17.6 billion. Of this total, \$11.4 billion was shipped under foreign currency sales. However, in recent years, increased emphasis has been placed on long term dollar credit sales as economic progress enables additional countries to meet dollar repayment terms, replacing foreign currency sales agreements.

The Department of Agriculture, in cooperation with the Agency for International Development, is helping developing countries increase their ability to feed themselves and to pay for the food they need to import. Funds for this work are transferred from AID to USDA. In meeting the Department's responsibilities in filling requests for technical agricultural assistance from Agency for International Development, other U.S. agencies, and international organizations, the Foreign Agriculture Service performs the following functions:

1. Coordination

(a) Resources of the Department are coordinated to expedite planning, review, evaluation, and operation of country or regional agricultural development projects for which USDA is given responsibility. This is now being implemented through participating agency service agreements (PASA) with Agency for International Development.

(b) Coordination is effected by recruiting and assigning USDA personnel on detail or loan to AID, to Food and Agriculture Organization, and similar organizations and by developing various operating or functional agreements between the Department and such organizations.

2. Liaison

Effective relationships with Agency for International Development, land-grant universities, and other public and private U.S. and international organizations are developed and maintained to help carry out agricultural technical assistance and training programs.

3. *Training*

This activity involves development of effective training programs with cooperation of land-grant universities, organizations, and private businesses for agricultural leaders, technicians, and scientists from other countries. It includes orientation and servicing foreign trainees during their training programs as well as analysis and evaluation to assure training objectives are met. During fiscal year 1968, 4,400 foreign nationals participated in agricultural training programs.

4. *Policy development*

In formulating current and long range policies and plans to carry out assistance to agricultural development programs in developing countries, the Service provides leadership and direction for making most effective use of the Department's manpower and facilities. The new food-aid legislation stresses self-help efforts by recipient countries. The Department must carefully evaluate performance in each potential food-aid recipient country, determining whether or not it is making an adequate effort to expand food production. Much of the responsibility for this evaluation lies in FAS, and the work is done with other USDA agencies and AID.

5. *Improving nutrition and encouraging private investment in agribusiness overseas*

Malnutrition remains a serious problem in developing countries. However, substantial improvements in nutrition are possible through fortification of cereals and development of high protein food products. FAS cooperating with AID, private industry, and university experts aggressively encourage and monitor programs designed to cope with nutritional deficiencies.

Government programs in these food-short developing countries cannot carry out all of the things that must be done. U.S. businessmen are encouraged to invest in agricultural related industry such as fertilizer production and distribution, seed multiplication, and equipment distribution. U.S. food companies are also encouraged to investigate high protein food processing and manufacture in the less developed countries.

FOREST SERVICE

The Forest Service is responsible for promoting the conservation and wise use of the country's forest and related watershed lands, which comprise one-third of the total land area of the United States. To meet its responsibility the Forest Service engages in three main lines of work, as follows:

1. *Management, protection, and development of the national forests and national grasslands.*—The 154 national forests and 19 national grasslands are managed under multiple use and for sustained yield. Under these principles natural resources of outdoor recreation, range, timber, watershed, and wildlife are utilized in a planned combination that will best meet the needs of the Nation without impairing the productivity of the land.

Direct as well as generated employment for rural residents contribute to community development and to environmental protection and im-

provement. Gross area within unit boundaries encompasses about 226 million acres in 44 States and Puerto Rico, of which some 187 million acres are under Forest Service administration.

In managing the national forests, technical forestry is applied to the growing and harvesting of timber crops. Grazing use is managed to obtain proper range conservation along with utilization of the annual growth of forage. Watersheds are managed to regulate stream flow, prevent floods, and provide water for power, irrigation, navigation, and municipalities.

Management includes the development, maintenance, and protection of sites and facilities for the millions of people who visit the national forests each year for recreation purposes. Emphasis is given to protecting scenic quality while at the same time assuring availability for forest users. Wildlife habitat is managed to provide a suitable land and water environment for both game and nongame wildlife.

Under the multiple use principles most areas are used for, or serve, more than one purpose or objective. For example, about 50 percent of the area within the national forests serves five different purposes:

- (a) Timber production
- (b) Watershed protection
- (c) Forage production
- (d) Wildlife production
- (e) Recreation

— An additional 28 percent serves four purposes in varying combinations. Of the remainder, 21 percent of the total serves three purposes with only 1 percent of the total reserved exclusively for a single purpose, mainly campgrounds and special use areas, such as summer homesites, pastures, and corrals.

The varied interests which frequently conflict and which must be reconciled, and the vast areas covered, clearly require careful planning and skillful management of the National Forest properties to most effectively serve the Nation's people.

The protection of the national forests includes the control of forest fires, the control of tree disease and insect epidemics, and the prevention of trespass.

The major development activities of the national forests are reforestation; timber stand improvement; revegetation; construction of roads, recreational facilities, range and other necessary improvements; and land acquisition and exchanges. Each of these activities contributes to the local economy and in many areas serves to improve incomes of the rural poor.

The economic importance of the national forests and national grasslands is evident when it is considered that—

(a) They produced a cash income in fiscal year 1968 of over \$218.3 million. Approximately 65 percent of this amount is credited to the general fund in the Federal Treasury (miscellaneous receipts). The remainder is distributed in accordance with special acts of Congress, including 25 percent to the States or counties in which lands are located, and 10 percent made available for construction and maintenance of the Forest Service system of roads and trails. In addition to these cash receipts, there are the even greater economic values which result from the processing of end products derived from this utilization of national forest timber, forage, and minerals. Recreation, wildlife and water result in important economic activity in local, State, and

national economies. There are also important intangible values of water, recreation, and wildlife such as the esthetic enjoyment of natural beauty.

(b) The area within national forests boundaries is equivalent to some 10 percent of the area of the continental United States. Over 40 percent of this land is within areas now experiencing economic distress. Proper management, development, and utilization of these lands are important factors in permanent improvement of these local economies. Millions of people who live in and near the national forests are supported in whole or in part through the economic development arising from the forests and their resources. These resources offer the most favorable basis for developing prosperous and vigorous local economies and communities.

(c) The national forests supplied 12.1 billion board feet of timber in fiscal year 1968 to the Nation's forest products industries. This is expected to increase to 12.7 billion board feet in 1969. Dependence of the forest products industries on national forest timber continues to increase as the result of depletion of good quality timber on private lands. In some areas, the dependence of local industry on national forest timber is almost 100 percent. Without this supply some small communities could not exist.

(d) About 7.3 million head of domestic livestock (including calves and lambs) are grazed on the national forests and grasslands. In many local areas this is a major industry. Without such Federal rangelands the economic activity would be drastically curtailed from currently depressed levels.

(e) These lands provide protection to municipal water supplies for nearly all western cities and towns and many in the East, to irrigation water used on about 20 million acres of western lands, and to many streams with waterpower developments. They provide flood protection to thousands of acres of rich valley lands and help to prevent more rapid siltation of reservoirs and stream channels. A dependable water supply is an important prerequisite for economic and community development.

(f) They provide a habitat for a large part of the big game animal population, for birds, for millions of small game animals and fur bearers, and for fish. Hunting and fishing constitute an important supplementary source of income for numerous communities, many of which are economically depressed.

(g) They provide opportunities for healthful outdoor recreation, with a minimum of restrictions. Outdoor recreation is an important source of supplementary income in most areas as well as providing recreational opportunities for local residents. In some relatively depressed communities it becomes even more important.

2. *Forestry research.*—The Forest Service conducts research in the entire field of forestry and the management of forest and related ranges. This includes the growth and harvesting of timber, its protection from fire, insects, and diseases, the protection and management of watersheds, and improved methods for development and management of recreation resources. It conducts studies in forest economics, marketing of forest products, and a survey of the present extent and potential growth and use of the Nation's forest resources. It also conducts research to develop new and improved products from wood, to increase efficiency of utilizing forest products, and to advance the efficiency and mechanization of forestry operations.

The research program has a twofold objective:

(a) To backstop the national forest development program by devising more efficient practices for protecting, managing, and utilizing forest resources.

(b) To develop new and improved practices that will lead to sounder uses of forests in other public and private ownerships and more efficient and profitable utilization and marketing of forest products.

The Forest Service also cooperates with the Agricultural Research Service of the Department by reviewing and appraising for technical adequacy forest research projects beneficial to the United States which are conducted abroad. These projects are carried out with foreign currencies under section 104(b)(3) of Public Law 480, as amended, and the dollar expenses of the Forest Service in connection with this work are paid from the appropriation, forest protection and utilization.

Results of research are made available to owners of private forest and rangelands, to public agencies which administer such lands, to forest product industries, and to consumers. Research in the growing, harvesting, processing, and marketing of forest products results in increased competitiveness for forest products. Contribution of the forest resource to the economic and social welfare is made more effective. Research in the management of resources for water, forage, wildlife, and recreation has similar effects as a basis for community development and satisfaction of national demands.

3. *Cooperation with State and private forest landowners.*—The Forest Service cooperates with State agencies and private forest owners to improve management of non-Federal lands. Opportunities exist for greatly increasing the contribution of these lands to social and economic welfare of the Nation as a whole and more particularly to many rural areas which are in need of economic development. Specific programs are designed to—

(a) Better protect the 517 million acres of State and privately owned forests and critical watersheds against fires, insects, and diseases.

(b) Encourage better forest practices, both for resource conservation and profit, on the 367 million acres of private forest land.

(c) Aid in the distribution of planting stock for forests, shelterbelts, and wood lots.

(d) Stimulate development and proper management of State, county, and community forests.

(e) Assist the harvesters, processors, and marketers of forest products in doing a better job and thereby bring about greater use of forest products and increased income and employment for rural people.

(f) The Forest Service also provides assistance to States for tree planting under section 401 of the Agricultural Act of 1956 (16 U.S.C. 568e–568g), through the State forester or equivalent State official, including advice, technical assistance, and financial contributions for increased tree planting and reforestation work, in accordance with plans submitted by the State and approved by the Secretary of Agriculture.

Other work related to forestry includes:

4. *Insect and disease control*.—Activities to suppress and control destructive insects and diseases that threaten timber areas include two types of work carried on jointly by Federal, State, and private agencies:

(a) Surveys on forest lands to detect and evaluate infestations of forest insects and infections of tree diseases and determination of protective measures to be taken.

(b) Control operations to suppress or eradicate forest insects and diseases, including white pine blister rust.

5. *Flood prevention and watershed protection*.—The Forest Service cooperates with the Soil Conservation Service, appropriate State agencies, and the local organizations sponsoring small watershed protection projects initiated under the Watershed Protection and Flood Prevention Act of 1954 (16 U.S.C. 1001–1007) in planning and installing forestry and related land resource measures on the watersheds. The Forest Service also collaborates with the Soil Conservation Service, other Federal and State agencies in the conduct of comprehensive river basin studies relating to the development of water and related land resources under authority of the Water Resources Planning Act (42 U.S.C. 1962) and 16 U.S.C. 1006 mentioned above. Such studies can form part of the basis of plans for regional and community economic development.

On national forest lands and on non-Federal forest lands within the watersheds authorized for treatment by the Department of Agriculture under the Flood Control Act (33 U.S.C. 701), the Forest Service plans and installs watershed improvement measures, in the form of minor physical structures, cultural measures, and intensified fire control, to retard runoff and reduce flood water and sediment damage. Work on non-Federal land is carried on in cooperation with the Soil Conservation Service and the appropriate State and local agencies.

Generally, this work is performed with funds allotted to the Forest Service by the Soil Conservation Service. Forest Service funds are used to finance land treatment and certain other measures on small watershed projects located on national forest lands.

6. *Job Corps conservation centers*.—The Forest Service operates 45 Job Corps conservation centers on national forests throughout the United States under agreement with the Office of Economic Opportunity. The Forest Service provides the staffing, administration, and logistical support to physically operate and maintain the centers and conduct the basic education, plan and supervise the recreation, and fully implement the vocational training of corpsmen. The funds for this program are transferred from OEO. There are 34 to 65 permanent staff assigned to each center based upon enrollee capacity of 112 to 256. Total capacity of all centers is 8,083 corpsmen and centers operate on a 24-hour, 7-day-week basis. Both human and natural resources are being upgraded through these conservation centers, as young men improve their education and job skills in preparation for a more productive life. Under an economy move the number of centers is to be reduced to 20 as of July 1, 1969.

7. *Timber stand improvement*.—Funds collected from timber purchasers in connection with timber sales, under authority of the Knutson-Vandenberg Act, make possible some timber stand improvement work on cutover areas each year looking to the establishment of natural tree growth and protecting it through the critical period of

early growth. This work also helps to obtain stocking of trees of desirable species, form, and quality. Timber stand improvement in promising young growth not associated with timber sale cuttings is done with funds directly appropriated by Congress.

8. *Brush disposal*.—National forest timber sale contracts require treatment of debris from cutting operations or deposit of funds to pay for the work. If it is not feasible for the timber purchaser to dispose of the logging slash, which is the case in most sales, it is done by the Forest Service using deposits made by the purchaser. This work is essential because logging slash increases the fire hazard and may contribute to the buildup of insect populations, increase certain disease infestations, and cause damage to stream channels.

9. *Land and water conservation fund*.—This fund, transferred from the appropriation made to the Department of the Interior, finances the acquisition of lands, waters, or interests in lands or waters by the Forest Service as well as certain other Federal agencies. The act creating the fund from which appropriations are made requires that the lands and waters acquired be primarily of value for outdoor recreation. Means are provided for expanding outdoor recreation opportunities and protecting and improving environmental quality including natural beauty. The fund derives revenues from admission and user fees, sales of surplus real property, and motorboat fuel tax. The first purchase of recreation land made by the Forest Service was on October 19, 1965.

10. *Rural fire defense*.—The Forest Service, as a part of its regular programs, also directs Federal activities and provides technical guidance and training to States concerned with the prevention and control of fires which might be caused by an enemy attack or a nuclear accident in rural areas of the United States.

11. *Appalachian regional development program*.—Under the Appalachian Regional Development Act (40 U.S.C. app. 204), the Forest Service provides technical assistance to timber development organizations to improve development and utilization of timber stands in the Appalachian region. Regional and community development is encouraged and assisted with attendant progress in eliminating rural poverty. The funds for this program are transferred from the Appalachian Regional Development Commission.

Organizational structure

The Forest Service maintains its central office in Washington with program activities decentralized to nine regional offices, 130 forest supervisors' offices, 792 district rangers' offices, two State and private forestry area offices, eight forest and range experiment stations, the Institute of Tropical Forestry, and the Forest Products Laboratory.

NATIONAL AGRICULTURAL LIBRARY

The Organic Act of 1862, establishing the Department of Agriculture, set forth a basic mission "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of that word" and placed upon the Secretary the responsibility to "procure and preserve all information concerning agriculture which he can obtain by means of books." The Library was established the same

year by the first Commissioner of Agriculture and with the Library of Congress and the National Library of Medicine fulfills the traditional functions of a national library.

In addition to the central Library which serves the whole Department, several agencies of the Department maintain and finance their own libraries and provide library and bibliographical services. These libraries are situated at various field locations where concentration of work and research staff warrants onsite library services. The Director of the National Agricultural Library prescribes library policy, standards, and procedures for these field library services and exercises such controls as are needed to coordinate library services in the Department.

The National Agricultural Library makes available to the research workers of the Department and the land-grant colleges and universities, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and avoids diversion of valuable time of scientists and administrators by letting them know what has been done previously in their fields. The Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture, in which is listed the agricultural literature of the world, and a biweekly Pesticides Documentation Bulletin, a computer-produced index to the world's pesticides-related literature. The Library also provides cataloging information to a commercial publisher for inclusion in the monthly National Agricultural Library Catalog, a listing of currently acquired titles. The book collection approximates 1,300,000 volumes.

PACKERS AND STOCKYARDS ADMINISTRATION

The Packers and Stockyards Act of 1921, as amended (7 U.S.C. 181 et seq.), is aimed at assuring fairplay in the marketing of livestock, meat, and poultry. Its principal purpose is to maintain effective competition in marketing of livestock, meats, and poultry, so as to bring to farmers and ranchers the true market value of their livestock and poultry. Members of the livestock, poultry, and meat industries are also protected against unfair business practices of competitors. Consumers are also protected from unfair practices in the marketing of meats and poultry, and from restrictions on competition which could unduly increase meat and poultry prices.

RURAL COMMUNITY DEVELOPMENT SERVICE

The Rural Community Development Service was established to help assure equality of opportunity to people who live in rural America. The mission is to help further extend the reach of the Federal agencies and programs to rural areas and strive to assure that Federal assistance to the scattered rural population is on a par with urban

areas. The Service cooperates with all phases of rural development, and serves the Secretary of Agriculture and other departments of government at the Washington level in the implementation of rural development programs.

The Rural Community Development Service identifies Federal programs outside the Department of Agriculture that are still not effectively reaching rural areas because of administrative difficulties of communicating with a dispersed rural population. It also works with departments and agencies having such programs to develop effective means for overcoming these administrative difficulties by appropriate adjustments in the programs and by setting up appropriate methods of utilizing the services of the Farmers Home Administration and other Department of Agriculture agencies. Its objective is to facilitate the effective availability of useful programs of other Departments in rural areas.

The Service provides staff assistance to the Secretary of Agriculture and others as required. It also furnishes the secretariat for the Rural Areas Development Board and other appropriate groups.

RURAL ELECTRIFICATION ADMINISTRATION

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for extensions of central station electric service to unserved rural people. It was continued by the Rural Electrification Act of May 20, 1936, and became part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the act to authorize loans for furnishing and improving rural telephone service.

Electric and telephone construction loans are self-liquidating within a period not to exceed 35 years at 2 percent interest. Loans for wiring premises and the acquisition and installation of electrical and plumbing appliances and equipment including electrically powered machinery are also made at 2 percent interest but for shorter periods. Legislation is pending in the Congress that would create a Federal bank under the supervision of the Secretary of Agriculture for the rural telephone systems. It would provide a non-Federal source of financing to supplement funds authorized for the basic 2 percent loan program.

Electrification program.—On May 11, 1935, when the Rural Electrification Administration was established only 10.9 percent of the farms of the United States had been electrified; on June 30, 1968, the percentage was about 98.4 percent. As of this date, the Administration had approved loans amounting to over \$6.6 billion of which over \$5.7 billion had been advanced to borrowers. Of this latter amount over \$1.9 billion had been repaid, including over \$344 million in advance payments.

As of June 30, 1968, 1,616,712 miles of line had been constructed and energized, with 5,929,361 consumers connected.

The principal borrowers are cooperative associations formed solely for the purpose of supplying electricity in rural areas. Borrowers are encouraged to expeditiously extend service to remaining unserved farms and to operate and maintain facilities to effectively serve the consumers and assure security for the Government's loan.

Telephone program.—Loans are made both to private companies and cooperatives. REA cooperates with the industry to extend telephone service to rural areas. Continued work is done with borrowers to develop sound construction and operating policies, and with manufacturers to develop efficient and economical equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field.

As of June 30, 1968, telephone loans made amounted to over \$1.4 billion which is estimated to result in over 545,000 route-miles of new or improved line and new or improved telephone service to approximately 2,272,000 subscribers.

SOIL CONSERVATION SERVICE

The Soil Conservation Service is responsible for various soil and water conservation activities of the Department of Agriculture, including seven action programs for which separate appropriations are made, reimbursements from other agencies for technical services performed, trust funds, and miscellaneous accounts involving cooperative agreements with local organizations.

The main purposes of these program operations are to help farmers, ranchers, and other landowners in making needed land use adjustments; to conserve soil, water, and plant resources; to reduce the hazards of floods, sedimentation, and related damages; and to assist in establishing a permanent and economically sound agriculture. Such soil and water conservation treatments also provide for recreational uses of rural lands and the beautification of rural communities. These activities are conducted in cooperation with Federal and State agencies, locally managed soil conservation districts, and other sponsoring organizations.

The Service provides professional leadership in soil, water, and plant conservation and works directly with locally managed soil conservation districts and sponsors of watershed projects. Local programs and cooperative work plans are designed for the benefit of rural and urban people in their areas.

The Service also furnishes technical services for the Agricultural Conservation program; the soil and water conservation loans made by the Farmers Home Administration; the State and county rural areas development committees; and other agencies or local groups having soil and water conservation problems. These interrelated program activities are primarily for the conservation, protection, and improvement of land and water resources for the beneficial uses of all the people.

Conservation operations.—The Soil Conservation Service provides technical assistance to farmers, ranchers, and others, through locally organized soil conservation districts in the United States and its territories and possessions. As of June 30, 1968, there were 3,012 such districts. These districts, the first of which was organized in 1937, are local units of government, organized under State laws and responsible to the landowners and operators in the districts and to the State legislatures. The Service furnishes assistance only upon request from the district governing bodies.

This assistance includes the services of soil scientists to make physical inventories of the land to secure data (soil types, degree of slope, character and extent of erosion, present land use, etc.), to determine the use capabilities and conservation needs. Soil conservationists, engineers, and other agricultural specialists and aids are assigned as needed to help the cooperating farmers and ranchers develop and apply individual conservation plans which provide for the best possible use of their land, labor, and equipment within their ability to finance the work.

Assistance is also furnished on local group jobs and needed community facilities. Such services are beneficial to both rural and urban communities where conservation programs are being applied to the land.

River basin surveys and investigations.—The Department of Agriculture cooperates with other Federal, State, and local agencies, under authority of section 6 of the Public Law 566, in making river basin and regional surveys and investigations of the watersheds of rivers and other waterways as a basis for development of coordinated water and land resources programs.

The Department is also represented on the Water Resources Council formed in accordance with section 101, Public Law 89-80, the Water Resources Planning Act. It is represented on the interdepartmental staff committee which provides staff services to the Water Resources Council on an interim basis. The Soil Conservation Service cooperates with the Forest Service and Economic Research Service in this work and maintains representation on the Interagency Committee on Water Resources and various river basin interagency committees in the field.

Prior to 1969 funds for river basin surveys and investigations were included in the appropriations for watershed protection.

Watershed planning.—The Soil Conservation Service has general responsibility for making investigations and surveys of proposed small watershed projects and assists in the development of work plans in cooperation with local sponsors, under authority of Public Law 566, 83d Congress, as amended. These work plans outline the soil and water management problems in the watershed, the steps required to alleviate them, and the proposed works of improvement to be installed. An appraisal is made of the benefits and costs, cost-sharing, operations and maintenance, and other facts necessary to justify Federal participation in project development. Applications for assistance with watershed planning are made by local sponsoring groups, recommended by representatives of the States, and approved by the Administrator of the Soil Conservation Service. Applications are being received at a rate of about 150 per year. As of June 30, 1968, 1,411 were authorized for planning and planning is completed for 945 projects.

Prior to 1965 funds for watershed planning were included in the appropriations for watershed protection.

Watershed works of improvement.—Sixty-two "pilot" watersheds were started in fiscal year 1954 in cooperation with local sponsors under the authority of the act of April 27, 1935 (16 U.S.C. 590a-f), to demonstrate and evaluate the effectiveness of works of improvement installed in small watersheds for watershed protection and flood prevention purposes. As of June 30, 1968, work had been discontinued

in eight projects and completed as planned in 52 except for project evaluation studies which will be underway until 1970 in some of these.

In 1954, the Congress enacted Public Law 566, approved August 4, 1954, which authorized the Department to cooperate with local watershed organizations in the development of work plans, to furnish technical assistance in the application of conservation practices on farms and ranches, and to provide financial aid and technical guidance in installing works of improvement and land treatment measures in watersheds recommended by the Governors of the respective States or their authorized representatives.

Public Law 1018, amending Public Law 566, was passed by the Congress and signed by the President August 7, 1956. This amendment broadened the purpose of the program, facilitated approvals, required the Federal Government to bear the entire flood prevention costs of the structural works of improvement, and authorized and directed the employment of private engineers for nonagricultural construction, authorized 50-year loans and advances to sponsors, and extended the act to Hawaii, Alaska, Puerto Rico, and the Virgin Islands. In 1962, additional amendments to Public Law 566 further broadened the scope of the program and provided for Federal participation in fish and wildlife and recreational developments. In 1965, Public Law 89-337 amended Public Law 566 to provide for increasing the floodwater detention capacity from 5,000 to 12,500 acre-feet for any single structure within a watershed project.

The first 13 watershed plans were approved for operation by June 30, 1956. As of June 30, 1968, a total of 834 projects had been approved for operations and all planned work completed in 205 of these. Technical assistance in the application of conservation practices, preparation of detailed construction plans, and supervision over the local contractors installing structural measures is furnished to each approved watershed.

Flood prevention.—The Service cooperates with local organizations in the development of work plans and the installation of works of improvement and land treatment measures in the 11 watersheds authorized by the Flood Control Act of 1944. The installation of measures under this program has steadily increased since work was started in the 1946 fiscal year. Work in the Buffalo Creek watershed, New York, has been completed. These watersheds are considerably larger than those contemplated under the watershed protection program mentioned above. To provide consistency between the flood prevention and watershed protection programs of the Department, which have similar objectives, the planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other procedures and policies used in the flood prevention program have been adjusted to generally parallel those of the watershed protection program.

Great Plains conservation program.—The Service has responsibility for the Great Plains conservation program authorized by Public Law 1021, 84th Congress. This program provides for technical and cost-sharing assistance to help farmers and ranchers in the Great Plains make land-use adjustments and plan and install soil and water conservation measures needed to achieve a more stable agriculture. The act authorizes the Secretary of Agriculture to enter into cost-sharing

contracts with farmers and ranchers in designated areas of the 10 Great Plains States. These contracts may be for periods of 3 to 10 years from the date of signing such contracts. The Federal Government under these contracts will share the cost of those land-use changes and conservation practices for which cost sharing is in the public interest. The act limits cost-share assistance to \$150 million, which may be obligated by December 1971, when the current authorization expires.

Resource conservation and development.—This program was authorized by the Food and Agriculture Act of 1962. The program is designed primarily for areas where acceleration of conservation activities will facilitate needed adjustments in land use and will provide for increased level of economic activity based on wise use and development of soil and water resources.

Project planning work was initiated during the 1964 fiscal year. Operations work started during the 1965 fiscal year. Project plans are expected to be finished and operations begun in 44 project areas having a wide range of problems and opportunities for resource development by June 30, 1969.

These projects are locally initiated and sponsored. Federal participation includes technical assistance to develop physically sound and economically justified long-range development plans, technical assistance to help landowners install needed conservation measures, cost-sharing assistance on certain approved conservation and development measures, and credit to help landowners and local sponsors finance planned capital improvements of soil and water resources.

The Soil Conservation Service has leadership responsibilities for administering the program in cooperation with other Federal agencies and departments, State and local agencies, and sponsoring organizations. USDA agencies will participate in the program in accord with their regularly assigned functions.

STATISTICAL REPORTING SERVICE

The Statistical Reporting Service gives coordinated leadership to the statistical reporting research and service programs of the Department. It provides a channel for the orderly flow of statistical intelligence about the agricultural economy of this country. The primary responsibilities of this Service are the nationwide crop and livestock estimates, coordination, and improvement in the Department's statistical requirements, and special surveys of market potentials for agricultural products. Service programs are organized under the following major areas:

1. Crop and livestock estimates, including estimates of production, supply, price, and other aspects of the agricultural economy; conduct of enumerative and objective measurement surveys; preparation and issuance of the official National and State estimates and reports of the Department relating to acreages, types, and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value, and utilization of farm products, prices received and paid by farmers, and other subjects as required.

2. Statistical research and service, including review, clearance, coordination, and improvement of statistics in the Department;

research on and development of improved statistical techniques used in gathering and evaluating statistical data; data processing activities with related systems analysis and research, programing and processing of data; research on consumers' preferences on foods, fibers, and their byproducts and consumers' evaluation of costs and other factors when buying these products.

The Statistical Reporting Service maintains a central office in Washington, D.C., but a large part of the crop and livestock estimates program is carried on through 44 State offices.

ACTIVITIES RELATED TO AGRICULTURE OUTSIDE THE DEPARTMENT OF AGRICULTURE

FARM CREDIT ADMINISTRATION

The cooperative farm credit system was established to provide a dependable source of both long- and short-term credit on a sound basis for farmers, stockmen, and their marketing, supply, and business service cooperatives.

These credit services are supplied in each of the 12 farm credit districts by a Federal land bank and its local Federal land bank associations, a Federal intermediate credit bank and its affiliated production credit associations, and a bank for cooperatives. In addition, there is a central bank for cooperatives in Washington, D.C.

During the year ended December 31, 1968, the banks and associations of the system loaned \$9.4 billion to farmers and their cooperatives. Credit outstanding at the close of the year was \$11.7 billion.

The banks of the farm credit system finance most of their loans and discounts through sales to the public of consolidated farm loan bonds (Federal land banks) and consolidated trust debentures (Federal intermediate credit banks and banks for cooperatives). Some loan funds, however, come from their own capital resources and by borrowing for short periods from commercial banks. Under the law, the United States assumes no liability for the bonds, debentures, or other obligations of these banks. Sales of bonds and debentures during 1968 totaled \$9.5 billion.

Initially capitalized by the Government, the entire system is now owned by farmers and their cooperatives. The combined net worth of the banks and associations at December 31, 1968, totaled \$1.9 billion, of which \$902 million was capital invested by farmers and cooperatives and \$1 billion was retained earnings.

The banks and associations of the farm credit system are supervised and examined by the Farm Credit Administration which, under the Farm Credit Act of 1953, is now an independent agency in the executive branch of the Government under policy direction of the Federal Farm Credit Board. The expenses of the Farm Credit Administration are paid by funds collected from the banks and associations under its supervision.

A description of the banks and associations and the credit services they provide follows:

The Federal land bank system consists of 12 Federal land banks and 664 Federal land bank associations. It was established by the Federal Farm Loan Act of 1916. The land banks make long-term farm

mortgage loans to farmers through local FLBA's for the purchase of farmland, equipment, and livestock; refinancing existing mortgages and paying other debts; constructing and repairing buildings; and financing other farm and family needs. Loans may be made for up to 65 percent of the normal appraised value of the farm, plus the amount used to pay for stock in the local associations. Terms are from 5 to 40 years.

At December 31, 1968, the total net worth of the land banks was \$742 million, consisting of \$357 million of capital stock, and \$385 million of retained earnings. In addition, the combined retained earnings of the 664 FLBA's was \$144 million.

During 1968, the banks made 40,828 loans for \$1.1 billion. At the end of the year, they had 398,351 loans outstanding in the amount of \$6.1 billion.

Under authority provided in the Federal Farm Loan Act, as amended, the Farm Credit Administration has authorized the land banks to perform a number of its duties in supervising the associations in the interest of efficiency and economy. The banks, by mutual agreements with the associations, have delegated to the associations many of their loan servicing functions.

Production credit associations, which were established by Congress in 1933, are local cooperative credit associations of farmers. They make short and intermediate term loans to their members for agricultural purposes.

At December 31, 1968, there were 453 of these associations with some 1,500 full-time field offices. The total net worth of the PCA's at the end of 1968 was \$662 million of which \$363 million was member-owned stock.

During 1968 the associations made loans for \$6.0 billion and at the end of December had 303,949 members with \$3.9 billion in loans outstanding.

The PCA's finance their lending activities by rediscounting farmers' notes with the Federal intermediate credit banks and by borrowing directly from the FICB's.

The Federal intermediate credit banks were established by an act of Congress in 1923 to serve as banks of discount in financing agricultural and livestock loans made by commercial banks, agricultural credit corporations, livestock loan companies and similar financing institutions. In 1933 their lending authority was extended to include production credit associations.

The banks were originally wholly owned Government corporations and remained so until December 31, 1956. The Farm Credit Act of 1956 made the banks responsible for supervising the production credit associations and assisting them in making sound credit available to farmers. It also provided a long range plan for the eventual ownership of the banks by the PCA's and the gradual retirement of the Government's investment. Subsequent amendments to the act speeded up this process and the last of the Government stock was retired on December 31, 1968, making the banks entirely owned by the PCA's. The net worth of the banks on that date was \$295 million of which \$154 million was stock owned by the associations.

The 13 banks for cooperatives were established by Congress in 1933. They make loans to eligible farmer cooperative associations engaged in

processing or marketing agricultural products, purchasing farm supplies or furnishing farm business services.

The banks were originally capitalized by the Government, but the Farm Credit Act of 1955 provided for their eventual ownership by farmers' cooperatives and the retirement of the Government's investment. The last five of the 13 banks achieved this on December 31, 1968.

During the year ended December 31, 1968, the banks made 2,167 loans amounting to \$1.8 billion. At the end of the year they had \$1.6 billion in loans outstanding to 2,918 cooperatives. The combined net worth of the banks on that date was \$264 million of which \$139 million was in stock owned by cooperatives.

DEPARTMENT OF TRANSPORTATION

Federal rural road program

Federal aid highway programs are administered by the Bureau of Public Roads in the Department of Transportation.

There are four systems of highways on which Federal funds may be spent—the Interstate Highway System, primary highways, secondary highways (which are primarily farm-to-market roads), and urban extensions of primary and secondary highways. The Federal Government has recognized the need for good roads to enable farmers to get their produce to market quickly and economically.

Federal aid to States for highway improvement had its beginning in the Federal Aid Road Act of 1916. Since 1944 Federal aid has been extended to a Federal aid secondary highway system of farm-to-market roads. The latest authorization for the secondary system of about 635,000 miles was contained in the Highway Act of 1968. The Highway Act of 1968 authorized \$330 million in each of fiscal years 1969 and 1970 for the secondary highway system.

The 1968 act also authorized a new program in grants to States of \$125 million per year in fiscal year 1969 and fiscal year 1970 for improving capacity and efficiency of rural highways; \$75 million for primary roads and \$50 million for secondary roads.

In addition the Bureau constructs and improves main highways within or adjacent to the national forests. Authorization for this program of \$33 million annually is provided by the biennial act.

VETERANS' ADMINISTRATION

As part of its educational assistance program for Veterans of Post-Korean service, the Veterans' Administration conducts a cooperative farm training program under provisions of chapter 34, title 38, United States Code. Also on-farm training is available to eligible service disabled veterans under provisions of chapter 31, title 38, United States Code.

Loans are also made to veterans to finance the construction or improvement of farmhouses, to conduct a farming enterprise, to buy livestock, machinery, tools, and other equipment, and for working capital. Some loans are on a direct basis and some on a guaranteed and insured basis.

DEPARTMENT OF THE INTERIOR

The Bureau of Indian Affairs promotes the economic advancement of the Indians through the utilization of their resources including the use of improved methods in farming, homemaking, and the use of credit for agricultural enterprises.

The Department of the Interior also conducts a program of research and development of low-cost processes for converting saline water to fresh water in quantities sufficient for agricultural and other uses.

The Bureau of Land Management manages and supervises the use of 178 million acres of Federal grazing lands by 24,000 livestock growers.

The Bureau of Reclamation has the broad overall objective to locate, construct, operate, and maintain project works for the storage, diversion, and optimum multipurpose development of waters in the 17 western States, to serve human and industrial needs and provide new opportunities. The program is designed to promote economic growth or stabilization of local and regional economies through optimum development of their water and related land resources. Most reclamation projects are multipurpose in nature and make concurrent provision for municipal and industrial water supply, irrigation, water quality improvement, hydroelectric power generation, fish and wildlife enhancement, recreation, flood control, navigation, river regulation and control, and/or other purposes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Vocational education in agriculture

The Office of Education in the Department of Health, Education, and Welfare has the responsibility for the cooperative Federal-State vocational education program. Federal assistance for vocational training in trades and industry, agriculture, and home economics was first provided under the Smith-Hughes Act of 1917. The vocational education program has been expanded over the years by a number of laws, the most recent being the 1968 amendments to the Vocational Education Act of 1963.

The 1963 act, as amended, provides for vocational and technical training in high schools, vocational-technical area schools, junior and community colleges, technical institutes, and 4-year colleges and universities. Training programs may be provided to prepare persons for any occupation not considered professional or as requiring a baccalaureate or higher degree. The groups of persons to be served are (1) those in high school, (2) those who have completed or left high school, (3) those in the labor market who need training or retraining, (4) those who are disadvantaged, and (5) those who are physically handicapped. The act also authorizes the Federal matching grants to the States to be used for ancillary services and activities, construction of area vocational schools, and vocational guidance and counseling.

The recent amendments provided special authorizations for exemplary programs aimed at creating a bridge between learning and earning, construction and operation of residential vocational education schools, consumer and homemaking education, cooperative vocational education programs to offer students real work experience, work-study programs, and the development of new curriculum materials.

In fiscal year 1969, a total of \$255,377,278 was appropriated by the Congress for vocational education programs of the Office of Education. The total amount requested for fiscal year 1970 is \$279,216,000. This will help support an estimated total vocational education enrollment of 10,637,500. Of these totals, it is expected that the States will spend \$20 million for agricultural education in fiscal year 1970, of which \$8 million will support programs in off-farm agricultural occupations. The 1970 estimated enrollment in agriculture will reach 1,029,500, with 772,125 in agricultural production and 257,375 in off-farm occupations. The amount requested for 1970 also includes \$15 million for consumer and homemaking education to help support an estimated enrollment in this program of 2 million.

DEPARTMENT OF COMMERCE

The Bureau of the Census conducts the agricultural census and publishes this and other statistical data used extensively in the field of agriculture. The Environmental Science Services Administration issues weather forecasts and warnings and river and flood forecasts. The Economic Development Administration makes grants and loans which can be used in rural areas to help in financing public works projects and loans for business enterprises. It also makes grants for technical assistance in connection with agricultural and agribusiness development.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

A variety of housing and community development programs are administered by the Department of Housing and Urban Development. Many of these programs can be of benefit to the residents of small towns and rural communities and to the communities themselves. Some are designed specifically for that purpose.

HUD provides mortgage insurance to help finance a wide range of low and moderate income housing, as well as hospitals, medical group practice facilities, nursing homes, land development for residential use and for site acquisition, and preparation in connection with the development of new communities.

In addition, financial assistance is available to provide rental housing or homeownership for single persons and families whose incomes are too low for them to obtain safe and sanitary housing in the private market without subsidy. Loans and grants are made to finance a variety of public facilities and services, such as sewer and water facilities. Grants are made also to help with neighborhood facilities needed for carrying out programs of health, recreation, social, or similar necessary community services.

HUD provides assistance for the renewal or rehabilitation of slum and blighted areas to achieve better communities through planned redevelopment and under the model cities program is authorized to provide grants and technical assistance to help plan, develop, and carry out comprehensive programs for improving the living environment and general welfare of residents of slum and blighted neighborhoods. Places of all sizes, large and small—counties as well as cities—are eligible for assistance.

Comprehensive planning assistance is provided by HUD to help communities, including multicounty districts, plan for areawide and long-range projects dealing with land use, water and sewer problems, school, recreation and health facilities, housing, transportation, and a variety of other public works.

LABOR DEPARTMENT

The Bureau of Employment Security provides a farm placement service for migratory workers involving interstate movement. The Bureau of Labor Statistics compiles statistics relating to farm programs, parity prices, consumer costs, and so forth.

OTHER AGENCIES

The Tennessee Valley Authority conducts studies in agronomic research and agricultural resources development; also research for the development of new and improved fertilizers, which are tested throughout the Nation.

The Interstate Commerce Commission establishes freight rates on farm commodities and supplies.

The Selective Service System determines farm labor deferments.

The Small Business Administration makes or guarantees loans to individuals and local development corporations to stimulate economic activity in rural areas.

THE COMMITTEE ON AGRICULTURE—ITS JURISDICTION AND ITS WORK

The House Committee on Agriculture is composed of 33 members (18 Democrats and 15 Republicans), and one delegate, from 22 different States and Puerto Rico.

The committee was officially established in 1820 and 60 years later, in 1880, the subject of forestry was added to its jurisdiction. For some time the committee had the authority to receive estimates and report agricultural appropriations, but in 1920 this authority was transferred to the Committee on Appropriations. The committee is divided into 10 subcommittees, composed of members with a high degree of knowledge in the field covered by each subcommittee. The composition of these subcommittees is shown on page iii of this publication.

The main areas of this committee's jurisdiction include the consideration of laws dealing with general farm policy. This jurisdiction extends to the adulteration of seeds; control of insect pests; the protection of birds and animals on forestry reserves; agricultural and industrial chemistry; agricultural colleges and experiment stations; agricultural education and extension service; agricultural production, marketing and price stabilization; animal industry and diseases of animals; crop insurance and soil conservation; dairy industry; entomology and plant quarantine; farm credit and security; the national forests, and forestry in general; human nutrition and home economics; inspection and grading of livestock and livestock products; agricultural exports; surplus disposal; plant industry; soils and agricultural engineering; rural electrification; and the improvement of animal breeds. Under the jurisdiction of the committee also is legislation relating to the general operations of the Department of Agriculture, the Commodity Credit Corporation, and the Farm Credit Administration.

Congressional committees have been called the workhorses of the Congress. This is especially true when it comes to agriculture. Most provisions of our farm laws are written in this committee and its counterpart in the Senate. Very seldom are there substantial changes made on the floor of the House.

While there may be a number of variations, the process of an agricultural law runs much like this: First a bill is introduced by a Member of the House. The bill then is referred to this committee by the Speaker. It then is usually referred to the appropriate subcommittee. If so requested by the author, or if the subcommittee feels it is of sufficient interest, a report from the proper Government agency is requested. Ample time is given for the agency to submit its report, and public hearings then are held. All persons and organizations interested

in the particular legislation are given an opportunity to be heard. Advance notice of hearings usually is published in the Congressional Record and is officially announced by the committee and noted in the daily newspapers and periodicals. In the event certain witnesses are necessary, they are personally notified. On the day set for the public hearings, an official reporter is present to record all testimony in favor and/or in opposition to the bill under consideration.

After completion of open hearings the committee meets in executive session to consider final action on the proposal. The bill is then either reported to the House with or without amendment, is tabled, or is defeated. Record votes are required if any Member so requests. When the committee has acted, the bill then goes to the House, along with a detailed report for further legislative action.

The committee from time to time makes special studies, or inquiries in the various areas under its jurisdiction, and publishes documents of interest to the Members of the House and to the public generally.



