Senate Report to Accompany Agricultural Act of 1956

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AGRICULTURAL ACT OF 1956

FEBRUARY 16 (filed under authority of the order of the Senate of FEBRUARY 10), 1956.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry, submitted the following

REPORT

together with

MINORITY VIEWS AND INDIVIDUAL VIEWS

[To accompany S. 3183]

The Committee on Agriculture and Forestry, having heretofore reported an original bill (S. 3183) to provide an improved farm program, hereby submit a report thereon with a recommendation that the bill do pass.

BACKGROUND

Although total farm production in 1955 was 12 percent greater than in 1947, gross farm income was 9.4 percent below 1947, and net farm income was down 38 percent. During the same period national income from nonagricultural sources had increased about 68 percent and farm production expenses had risen 11.4 percent. The parity ratio, which measures the relationship between prices received by farmers and prices paid by farmers, dropped from 115 in 1947 to 80 in January of this year.

Your committee and the Department of Agriculture have kept the development of this cost-price squeeze under constant study; and in 1955 your committee conducted extensive hearings in Washington, followed by hearings during the recess of Congress throughout the country to obtain the suggestions of the farmers themselves. Hearings were conducted at St. Paul and Worthington, Minn.; Des Moines, Iowa; Brookings, S. Dak.; Minot, N. Dak.; Pendleton, Oreg.; Fresno, Calif.; Albuquerque, N. Mex.; Fort Worth, Tex.; Hutchinson, Kans.; Stillwater, Okla.; Alexandria, La.; Macon, Ga.; Columbia, S. C.; Raleigh, N. C.; Montpelier, Vt.; and Utica, N. Y. Representatives of the Department attended these hearings so that the Department could be kept fully informed of the proposals made. Following these hearings the major farm organizations were asked to work together to perfect the principal proposals offered at the hearings and the assistance of other groups was requested.

On January 9 the President submitted to Congress a number of proposals to assist in meeting the current farm situation, all of which have had the careful study of the committee. Thereafter the committee met informally with farm leaders to obtain their views, and conducted further formal hearings. Out of the proposals received from all these sources a tentative bill was developed and circulated; and after considering every suggestion submitted to the committee for changes in this tentative bill, the committee reported out S. 3183.

This bill provides for immediate assistance to farmers in the form of increased support prices; reduced production of surplus commodities and increased soil, water, wildlife, and forest conservation through acreage reserve and conservation reserve programs; increased disposal or removal of surplus commodities; needed changes in marketing quota and allotment legislation; a two-price plan for rice; assistance to States for tree planting and reforestation; and price reporting and research on forest products.

TITLE 1—PRICE SUPPORT

Section 101. Basic commodities except wheat

Section 101 provides for price support for the basic commodities, except wheat, at 90 percent of parity for the 1956 and 1957 crops. This would apply principally to cotton, corn, and peanuts since (1) the provisions contained in title V of the bill, if approved, would supersede this section with respect to rice; and (2) tobacco is required by existing law to be supported at 90 percent of parity whenever marketing quotas are in effect. Cotton, corn, peanuts, and rice are required under existing law to be supported at between 75 and 90 percent of parity. The support prices for rice and corn of the 1956 crop have been announced at $4.04 per hundredweight for rice (75 percent of parity) and $1.40 per bushel for corn (81 percent of parity). Price support levels for the 1956 crops of cotton and peanuts have not yet been announced. The minimum support level provided by this section for cotton, rice, corn, and peanuts (on the basis of January 15 data) is shown in the last column of the following table:

TABLE 1.—*Support prices on basis of various support levels and various parity prices: Cotton, rice, corn, and peanuts as of Jan. 15, 1956*

Commodity	Unit	Effective parity price Jan. 15, 1956	75 percent of effective parity	90 percent of effective parity	Parity price prescribed by sec. 106 of S. 3183	90 percent of parity price prescribed by sec. 106 of S. 3183
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cotton, upland	Pounds	[1] $0.3484	$0.2631	$0.3136	$0.3522	$0.3170
Rice	Hundredweight.	[1] 5.42	4.04	4.88	5.42	4.88
Corn	Bushels	[2] 1.73	1.30	1.56	1.82	1.64
Peanuts	Pounds	[2] .129	.0968	.116	.136	.122

[1] New formula parity price.
[2] Transitional 95 percent of old.

Section 102. Wheat

Section 102 provides price support for milling quality wheat at 90 percent of parity and support for other wheat at such levels as will preserve its competitive relationship with corn on the basis of respective feed values, the average support price for all wheat to be not less than 75 percent of parity. Milling quality wheat would be wheat produced in any area from seed of a variety which in such area normally produces wheat of a quality desired for milling purposes. Wheat of the 1956 crop is deemed to be milling quality unless of a variety designated as undesirable by the Secretary of Agriculture prior to the time such wheat is planted. In determining milling quality wheat, the Secretary would consult with a committee on which there will be 3 representatives from each of the principal wheat-producing areas, of whom 1 would be a wheat farmer, 1 a wheat miller, and 1 a person experienced in research on wheat varieties. This section would be applicable only to the 1956 and 1957 crops.

The announced support price for wheat of the 1956 crop is $1.81 per bushel (76 percent of parity). On the basis of January 15 data and the parity formula provided by section 106, 90 percent of parity would be $2.26 per bushel.

Under this section, a national average support level representing 90 percent of the parity price for wheat would be established and, after the adjustments for location, grade, quality, and other factors called for by section 403 of the Agricultural Act of 1949, this would be applied to milling quality wheat. The support level for other wheat would be established at a price for each county which represents its feed value relationship to corn. The feeding value of wheat to corn (pound for pound) based on USDA Circular No. 836 is 105.

The Department has had some experience in preparing a program of the type contemplated by this section.

On August 12, 1955, it announced that under the 1956 wheat price support program 23 designated undesirable varieties would be discounted 20 cents per bushel in addition to any other discounts, and that protein premiums would not be applicable to these varieties. Following is a listing of the designated undesirable varieties, by classes and the States in which they are designated:

Hard Red Winter:
- Purkof: Indiana, Michigan
- Red Chief: Illinois, Iowa, Missouri, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Montana, Wyoming, Colorado, New Mexico
- Red Jacket: Illinois, Nebraska, Kansas, Oklahoma, Texas, Colorado, New Mexico
- Kanking: Missouri, Kansas, Oklahoma, Texas, Nebraska
- Kanqueen: Missouri, Colorado
- Chiefkan: Nebraska, Kansas, Oklahoma, Texas, Montana, Colorado, New Mexico
- Stafford: Nebraska, Kansas
- Early Pawnee (Sel. 33): Kansas
- Early Blackhull: Kansas, Oklahoma, Texas, Montana, Colorado
- New Chief: Kansas, Oklahoma, Texas, Colorado, New Mexico
- Yogo: Kansas, Oklahoma, Texas

Soft Red Winter:
- Kawvale: Indiana, Illinois, Missouri, Kansas, Nebraka

Hard Red Spring:
- Henry: Michigan. Minnesota, North Dakota, South Dakota, Montana
- Sturgeon: Wisconsin
- Progress: Wisconsin
- Spinkcota: Minnesota, North Dakota, South Dakota
- Premier: Montana, North Dakota

White:
- Rex: Idaho, Washington, Oregon
- Sonora: California
- Galgalos: Nebraska

Durum:
- Golden Ball: Minnesota, North Dakota, South Dakota, Montana
- Peliss: North Dakota, Montana
- Pentad: North Dakota

The August 12 announcement contemplated that a producer certification plan would be used. Each producer applying for price support in States with any of the listed undesirable varieties would be required to certify (1) that the wheat he harvested was not of the undesirable varieties listed for his State, or (2) that the wheat he harvested was from one or more of the undesirable varieties but none of such wheat was being tendered for price support, or (3) that the wheat on which he requested price support contained wheat of an undesirable variety listed for his State and such wheat was identified by variety, and bin number (if farm stored) or warehouse receipt number.

It was estimated that the total 1954 production of the 23 varieties listed as undesirable by the Department in its announcement of August 12, 1955, amounted to 31 million bushels, as compared with the total 1954 crop of 985 million bushels.

Section 103. Cottonseed and soybeans

Section 103 provides that whenever the price of either cottonseed or soybeans is supported, the price of the other shall be supported at such level as will cause them to compete on equal terms on the market. The oil and meal produced from cottonseed and soybeans generally compete for the same markets, both in the United States and abroad. The purpose of this provision is to assure that the support levels established for the two commodities will not result in one being withdrawn into Government store, while the other takes over the market.

Support prices for the 1951–56 crops of cottonseed and soybeans were as follows:

TABLE 2

Crop	Cottonseed		Soybeans	
	Support price (per ton) [1]	Percent of parity	Support price (per bushel)	Percent of parity
1951	$63.90	90	$2.45	90
1952	66.70	90	2.56	90
1953	54.20	75	2.56	90
1954	54.00	75	2.22	80
1955	46.00	65	2.04	70
1956	48.00	70	2.15	75

[1] Loan rate basis grade (100).

Section 104. Cotton

Section 104 repeals the special provision of law designating Middling ⅞-inch cotton as the standard grade and staple for parity calculations and price support and would result in the average grade and staple being utilized for such purposes as in the case of other commodities. This change for cotton would aid in establishing more realistic differentials under the support program and would result in slightly lower support prices than would result from using Middling ⅞ as the standard grade and staple, since Middling ⅞ is below the actual average grade and staple. The amount they would be lower would depend on the particular schedule of premiums and discounts used in the calculations. If the 1955 loan schedule were used, support prices would be 1.36 cents per pound lower if based on average grade and staple than they would be if based on Middling ⅞. The average quality of the cotton produced in 1954 was as follows: Grade 95.4 (Middling white equals 100) and staple lengths 33.2 thirty-seconds of an inch. Through January 15, 1956, the 1955 crop was as follows: Grade 93.4 and staple length 32.6 thirty-seconds.

Section 105. Dairy products

Section 105 provides price support for whole milk, butterfat and the products of such commodities at not less than 80 percent nor more than 90 percent of parity, and provides for using a parity equivalent for manufacturing milk based on the 30-month period July 1946 to December 1948, both inclusive (the period originally used in computing the parity equivalent). On the basis of data now available, this would result in a parity equivalent of 88 percent of the parity price for all milk sold wholesale by farmers, instead of 83.3 percent as now results from using the most recent 10-year period.

The effect of this section on support prices is illustrated by the following tables:

TABLE 3.—*Minimum and maximum support prices of manufacturing milk*

(*a*) Under present method:	
Parity for all milk per hundredweight: Jan. 15, 1956	$4.61
Parity equivalent price of manufacturing milk:	
83.3 percent of parity for all milk [1]	3.84
Maximum support 90 percent	3.46
Minimum support 75 percent	2.88
(*b*) Under sec. 105:	
Parity for all milk	4.61
Parity equivalent of manufacturing milk:	
88 percent of all milk [2]	4.06
Maximum support 90 percent	3.65
Minimum support 80 percent	3.25

[1] July 1946–December 1955 average relationship between prices of manufacturing milk and all milk wholesale (revised series).
[2] July 1946–December 1948 average relationship between prices of manufacturing milk and all milk wholesale (revised series).

NOTE.—Present support price of $3.15 is 80 percent of the parity equivalent price of manufacturing milk as of Apr. 1, 1955, the beginning of the current marketing year, but is 82 percent of the parity equivalent price as of January 1956.

TABLE 4.—*Minimum and maximum support prices of butterfat*

	Cents per pound
(*a*) Under present method:	
Parity price, Jan. 15, 1956	71.9
Maximum support 90 percent	64.7
Minimum support 75 percent	53.9
(*b*) Under section 105:	
Parity price, Jan. 15, 1956	71.9
Maximum support 90 percent	64.7
Minimum support 80 percent	57.5

NOTE.—Present support price of 56.2 cents per pound is 76 percent of parity as of Apr. 1, 1955, the beginning of the current marketing year, but is 78 percent of the parity price as of January 1956.

The parity equivalents which have been used heretofore and the periods for which they were applicable are set out in the following table:

TABLE 5.—*Parity equivalent*

Period:	*Percent*
January 1949–March 1954	88.5
April–December 1954	84.1
January–December 1955	83.7
January–December 1956	83.3

The method currently used in computing and applying the parity equivalent is described as follows:

METHOD CURRENTLY USED TO COMPUTE AND APPLY THE PARITY EQUIVALENT FOR MANUFACTURING MILK

Current procedure for computing the parity equivalent for manufacturing milk as approved by the Secretary of Agriculture provides that (1) the parity equivalent for manufacturing milk shall be determined on the basis of the relation of (*a*) the average price received by farmers for all milk sold at wholesale to plants and dealers for the period July 1946, through the December preceding the date of computation to (*b*) the average price paid f. o. b. plant by processors for all milk sold by farmers for use in production of American cheese, evaporated milk, and butter and byproducts during the same period; (2) data for each year are to be added annually until 10 full calendar years are included in the comparison; (3) thereafter the parity equivalent during any calendar year will be determined on the basis of the relation between the averages of the respective series for the 10 calendar years immediately preceding.

The factor to be used during a particular calendar year is computed in January of that year using price data available at the date of computation. The factor to be used during 1956 is 83.3 percent, which compares with 83.7 percent, the factor used during 1955. The parity price for all milk wholesale, $4.61 per hundredweight on January 15, 1956, multiplied by 83.3 percent, results in $3.84 per hundredweight, the parity equivalent for milk for manufacture for January 15, 1956. This parity equivalent applies to the national average price for all milk of average butterfat content used for the principal manufacturing purposes calculated on an annual basis. It should be noted that the parity equivalent for milk for manufacturing is not in itself a parity price but is rather an administrative determination of an operating differential which is subject to revision as additional data become available or as experience indicates that the same purpose might better be achieved by calculating and applying revised differentials.

Section 106. Parity formula

Section 106 would require the Secretary in the case of the basic commodities to use the old parity price or the modernized parity, whichever is higher. This section also directs the Secretary to make a thorough study of possible methods of improving the parity formula and report thereon within 6 months after enactment of the act.

A brief description of "old," "new" and "transitional" parity prices, and a table illustrating the effect of this section is set out below:

1. Old parity prices are calculated by multiplying base period prices by a parity index. In the case of the basic commodities, except tobacco, the base period is August 1909 to July 1914. Hence, the base period prices for the individual commodities are the average prices received by farmers for those commodities during that period. The parity index is the unrevised index of prices paid by farmers, including interest and taxes.
2. Transitional parity prices are the old parity prices decreased by 5 percent for each calendar year since 1955 in the case of basic commodities and 5 percent for each calendar year since 1949 in the case of nonbasic commodities. For 1956 transitional parity prices are 95 percent of old parity prices for basic commodities and 65 percent of old parity prices for nonbasic commodities.
3. New parity prices are computed in much the same manner as old parity prices, using the parity index based on 1910–14, but the pattern of price relationships among the various commodities that existed in the immediately preceding 10 calendar years is used to determine the pattern of relationships among the parity prices of the individual commodities.

TABLE 6.—*New, old, or transitional and effective parity prices for selected basic and nonbasic commodities, Jan. 15, 1956*

Commodity	Unit	New parity price	Old parity price	Transitional parity price [1]	Effective parity price [2]	Parity price prescribed by sec. 106 of S. 3183
Basic commodities:						
Corn	Bushel	$1.64	$1.82	$1.73	$1.73	$1.82
Cotton, American upland	Pound	.3484	.3522		.3484	.3522
Wheat	Bushel	2.19	2.51	2.38	2.38	2.51
Rice	Hundredweight	5.42	5.14		5.42	5.42
Tobacco:						
Flue-cured, types 11–14	Pound	.534	.522		.534	.534
Burley, type 31	do	.520	.506		.520	.520
Peanuts	do	.114	.136	.129	.129	.136

[1] Transitional parity is not shown where the new parity price is the effective parity price. Transitional parity price in 1956 was 95 percent of the old parity price.
[2] The effective parity price is the new parity price or the transitional parity price, whichever is higher.

TITLE II—SOIL BANK ACT

Title II of the bill provides for a soil-bank program composed of two parts: (1) An acreage reserve program; and (2) a conservation reserve program.

Acreage reserve program

Sections 203–206 authorize and direct the Secretary to compensate producers for voluntarily reducing their 1956, 1957, 1958, and 1959 crops of wheat, cotton, corn, rice, flue-cured tobacco, burley tobacco, and cigar-binder tobacco, types 51, 52, 54, and 55, below their acreage allotments. Cotton would include American upland cotton and extra-long-staple cotton. To be eligible for such compensation, the producer is required to reduce his acreage of the commodity below his farm acreage allotment within such limits as the Secretary may prescribe, to specifically designate such acreage, and not to harvest any crop from or graze the reserve acreage unless the Secretary, after certification by the governor of the State, determines that it is necessary to permit grazing to alleviate hardship caused by severe drought, flood, or other natural disaster. It is anticipated by the committee that beginning with the 1957 crop the program would require the producer to underplant his acreage. It is recognized that in 1956, particularly in winter wheat areas, unless producers are permitted to adjust acreage already planted, some producers would not be able to participate in the program during 1956. The Secretary is directed to establish a national reserve acreage goal for each of the crops and to establish the limits within which individual farms may participate in a manner which is reasonably calculated to achieve the national reserve goal, and give producers a fair and equitable opportunity to participate.

Compensation of producers for participating in the acreage reserve program would be made through the issuance of certificates redeemable in cash by Commodity Credit Corporation or in the commodity, at the option of the producer, in the case of certificates issued with respect to grains and cotton. If the certificate is redeemed in the commodity, it is redeemable at not more than 110 percent of the cash value of the certificate, and the grain or cotton delivered in redemption of the certificate is to be valued at 105 percent of the current support price plus reasonable carrying charges or the market price, whichever is higher. If, as of the beginning of any marketing year, the total supply does not exceed the normal supply of the commodity, certificates thereafter issued or certificates then outstanding would no longer be redeemable in the commodity. Certificates redeemed in cash may be redeemed by the producer or by any holder in due course, but certificates redeemed in the commodity may be redeemed only by the producer. Certificates shall not be redeemed in commodities other than the commodity for the reduced production of which the certificate was issued, except that certificates for corn or wheat may be redeemed in any feed grain including wheat for feed on such basis as may be mutually agreed upon between the producer and CCC.

The amount of the compensation to producers for reducing their crops below their acreage allotments would be established by the Secretary at such rates as would provide producers with a fair and reasonable return for the acreage withdrawn from production and with a sufficient incentive to achieve the reserve acreage goal.

The compensation paid any producer for participation in the acreage-reserve program with respect to any crop of tobacco is limited to $100 per acre.

The total compensation which may be paid producers for participating in the acreage-reserve program with respect to any year's crops is limited to $750 million, and it is expected that this amount would be allocated among the various crops so as to provide for a fair reduction of acreage for each.

The Secretary is directed to provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing on a fair and equitable basis the certificates issued for participating in the program, and including such provision as may be necessary to prevent them from being forced off the farm.

Participation in the acreage reserve program by a producer would not reduce his future acreage allotments and quotas.

Conservation reserve program

Sections 207–214 provide for a conservation reserve program. In carrying out the conservation reserve program, the Secretary would be authorized to enter into long-term contracts under which producers would agree to devote to conserving uses a specifically designated acreage of land on the farm regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers, which do not require annual tillage). The Secretary would, however, have discretion in determining the type of land to be designated in connection with particular contracts, and in making such determination he could consider the needs of the various crop-producing regions of the country.

Section 207 sets forth certain matters that are to be covered in such contracts. Under the contract, the producer would be required to establish and maintain the conservation use on the designated acreage; not to reduce the amount of acreage on the farm normally devoted to conserving uses or allowed to remain idle; not to harvest any crop from the land established in protective cover; not to pasture the acreage prior to January 1, 1959, or such later date as prescribed in the contract except upon a finding by the Secretary, after certification of the governor of the State, of a need for grazing to alleviate hardship caused by flood, drought, or other natural disaster; not to adopt any practice tending to defeat the purposes of the contract; and to forfeit further payments and refund all payments already received, for violating the contract if the Secretary determines that such violation is of such nature as to warrant termination of the contract, or to accept such adjustments or forfeit price support benefits as the Secretary may deem appropriate if he determines that the producer's violation does not warrant termination of the contract.

The contracts would require the Secretary:

(1) To bear such part of the cost (including labor) of establishing and maintaining the protective cover or other authorized use on the designated acreage as he determines to be necessary to effectuate the purposes of the act, not to exceed a maximum for the county or area where the farm was located; and

(2) To make an annual payment for the term of the contract to the farmer who fulfills the provisions of the contract. This payment would represent a fair and reasonable return on the land in protective cover or other authorized use, taking into consideration

the value of the land for producing commodities customarily grown on such kind of land in the area, the prevailing rates of cash rentals in the area, necessary incentive to obtain contracts, and other appropriate factors.

While the bill contains specific provisions relating to matters to be covered in such contracts, the specific provisions in the bill are not necessarily to be incorporated verbatim in each contract. While it is intended that the contracts contain provisions which give effect to the matters required to be covered, such provisions may be worded so as to give more detailed treatment to such matters or to adapt them to the particular area, type of farming, conserving use, or other matter covered by the contract.

The cost of all direct and significant factors in the establishment of the vegetative cover could be shared. For grasses and legumes these factors would include, but would not be limited to—

(1) Land preparation, including summer-fallowing the area and planting a go-down crop in areas where needed;
(2) Seed;
(3) Inoculation;
(4) Seeding;
(5) Liming;
(6) Fertilizing; and
(7) Fencing the seeding area where needed.

For trees these factors would include, but not be limited to—

(1) Land preparation (including summer-fallowing), if needed;
(2) Tree seedlings, seed, cuttings and shrubs;
(3) Cultivation following planting (where needed); and
(4) Fencing the planted area (where needed).

In a similar way, direct and significant factors of cost could be shared in connection with the establishing and maintaining of water storage facilities and other soil, water, wildlife, or forest conserving uses.

Advertising and bid procedures could be used in determining the lands in any area to be covered by the contracts.

The Secretary could not terminate a contract unless he determined that the nature of the violation was such as to defeat or substantially impair the purposes of the contract. Before termination the Secretary would have to give written notice to the producer who, if he requested such an opportunity within 30 days after the mailing or serving of the notice, would have an opportunity to show cause why the contract should not be terminated. A hearing, formal or informal as provided for under regulations issued by the Secretary, would be held to determine whether to terminate the contract. If termination was determined, the producer would receive written notice thereof and would have 90 days after the mailing or service of the notice to appeal to the appropriate United States district court for a de novo determination of the facts in the case and judicial relief with respect thereto. The Secretary's determination on termination would become final and conclusive if the producer failed to avail himself of the opportunity for a hearing within the 30-day period or for appeal to the court within the 90-day period.

A national conservation reserve goal would be proclaimed each year not later than February 1. Such goal would represent that percentage which the Secretary determines would be practicable to cover by contracts during such year of the number of acres by which (1) the acreage needed for the production of agricultural commodities during the preceding year, plus any acreage then in the acreage or conservation reserve program or retired from production because of acreage allotment or marketing quota programs, exceeds (2) the acreage needed during the year for which the determination was made for the production of commodities for domestic and export use and for adequate carryover allowances. The 1956 national goal would be determined as soon as practicable after the enactment of the bill.

In distributing the national goal among States and major crop production regions, due regard is to be given to the need for flood control, drought control, and other conservation benefits; the desires of producers in particular States or regions to participate; diversion of acreage under acreage allotment and marketing quota programs; and the need to assume adequate production of agricultural commodities and crops not in surplus and to discourage the production of those in surplus. Other relevant factors could of course be taken into consideration by the Secretary in the distribution of the national goal.

The criteria for determining the national conservation reserve goal, and for distributing the goal among the States and major crop production regions, are intended only as general guides to the Secretary and not as a rigid formula.

The Secretary would annually report to Congress the scope of the program for that year and the basis for participation in such program in the various States and major crop production regions.

Contracts would be entered into during the 5 years 1956 through 1960. The minimum contract period would be 3 years. The maximum contract period would be 10 years except that contracts for tree cover could extend for 15 years.

The Secretary could not enter into contracts calling for payments to producers (including the cost of materials and services furnished to producers) in excess of $350 million in any calendar year.

Any contract could be terminated by mutual agreement with the producer if the Secretary determined that such termination would be in the public interest. Provision is also made for the modification of contracts previously entered into. In view of the long-term contracts authorized, the Secretary is given broad authority to agree to such modifications, without obtaining technical consideration therefor, as he determines to be desirable either to carry out the purposes of the act or to facilitate the practical administration of the conservation reserve program.

Authority similar to that in the Soil Conservation and Domestic Allotment Act for programs under that act would be provided to make conservation materials and services available to producers under the conservation reserve program. The Secretary could produce as well as purchase such materials and services under the conservation reserve program. It is likely that the facilities of Forest Service nurseries would be needed to produce some of the tree seedlings needed in carrying out the program. The Secretary would be authorized to reimburse any Federal, State, or local government agency for materials or services furnished by such agency and to pay expenses necessary in making such materials and services available, including costs incident to the delivery, application, or installation of the materials and services.

Authority similar to that in the Soil Conservation and Domestic Allotment Act would be provided to use regular dealers in the furnishing of conservation materials and services and to make payments to such dealers in advance of determination of performance by producers. If the Secretary determined it to be necessary to protect the interests of producers and the Government fair prices for furnishing such materials and services could be established.

The bill would provide that the acreage of cropland on any farm would not be decreased during the term of any contract for the purposes of determining acreage allotments and marketing quotas by reason of the establishment of protective cover or other use of land covered by contract under the conservation reserve program. The acreage of cropland on a farm may directly affect the size of the cotton allotment for the farm and may have a bearing indirectly in the size of the farm acreage allotments for other commodities.

Likewise the acreage determined to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out a contract entered into under the conservation reserve program would be considered to have been devoted to the production of the commodity for the purposes of determining future State, county, and farm acreage allotments.

Many producers would be unwilling to participate in the conservation reserve program without these safeguards to preserve their acreage allotments and marketing quotas.

The Secretary is directed to take adequate safeguards to protect the interests of tenants and sharecroppers, including such provision as may be necessary to prevent them from being forced off the farm.

The conservation reserve program would be applicable to the continental United States, and could be extended, if the Secretary determined it to be in the national interest, to Alaska, Hawaii, Puerto Rico, or the Virgin Islands.

Provisions applicable to acreage reserve and conservation reserve programs

As a condition of eligibility for payment under either the acreage reserve or conservation reserve program the producer must comply with all farm acreage allotments established under the Agricultural Adjustment Act of 1938, except that in the case of wheat the wheat acreage must not exceed the larger of the farm wheat acreage allotment or 15 acres. Noncompliance would be determined only when the producer knowingly exceeded the acreage allotment, or, in the case of wheat, 15 acres, if larger than the allotment.

No acreage diverted from the production of any commodity by reason of participation in either the acreage reserve or conservation reserve program may be reapportioned or allotted to any other farm.

Payment of compensation authorized under the acreage reserve or conservation reserve program could be made upon the basis of the claimant's certification that he had complied with all requirements for such payments. It is intended by this provision to authorize the Secretary to provide for payments prior to the end of a program year and without waiting for a check of compliance. The producer would, of course, be expected to agree to refrain from any action which would result in his not being in compliance at the end of the program year.

The Secretary would be directed to use in administering the programs in the continental United States the community, county, and

State committees established under the Soil Conservation and Domestic Allotment Act.

The Secretary would be required to consult with soil conservation districts, State foresters, land-grant colleges and other appropriate State agencies in formulating at the State and county levels the conservation aspects of the programs. He would be required also to utilize, so far as practicable, the technical resources of the Soil Conservation Service, the Forest Service, land-grant colleges, State foresters, and other appropriate technical services to assure coordination of conservation activities and a solid technical foundation for the program.

The Secretary would be directed to utilize as fully as practicable land use capability data in carrying out the acreage reserve and conservation reserve programs; and to carry forward to completion as rapidly as possible the basic land inventory of the Nation (now about one-third completed). However, land use capability work would continue to be financed from funds otherwise made available for such work and not from any funds made available for the acreage reserve and conservation reserve programs.

In financing the acreage reserve and conservation reserve programs, including administrative costs, the Secretary would be authorized to utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation. Necessary sums to pay the CCC its actual costs would be authorized to be appropriated.

The Secretary may transfer funds to agencies of the Federal or State Governments who are requested to cooperate or assist in carrying out the programs and for technical assistance in connection therewith. Such payments may be made in advance of the time that the agency renders such assistance.

Determinations by the Secretary of (1) the facts constituting the basis for any payment, and (2) the person entitled to certain payments, would be conclusive, in the same way that similar determinations are made conclusive for other programs by section 385 of the Agricultural Adjustment Act of 1938.

The Secretary would be authorized to deny any producer all or any part of the benefits under the soil bank programs if the Secretary determines that (1) the producer had displaced any tenant or sharecropper, or reduced the acreage of any commodity farmed by any tenant or sharecropper, on any farm owned or controlled by such producer; (2) such displacement or reduction was made in contemplation of, or on account of participation by such producer in either the acreage reserve or conservation reserve program; and (3) such displacement or consent was not consented to by the tenant or sharecropper.

Cost-sharing under the regular agricultural conservation program could also be made available for establishing and maintaining protective vegetative cover and other practices and facilities authorized on lands in the acreage reserve and conservation reserve programs. However, where payment is earned for carrying out any such practice under the conservation reserve program, a duplicate payment for carrying out the same practice will not be made under the agricultural conservation program.

The Secretary would be given broad discretion in the administration of the acreage and conservation reserve programs as to lands to be retired, incentives to be paid, and other matters. This discretion is necessary to the efficient administration of the programs, and its exercise will require consultation with field agencies and others interested in the programs. The following tentative proposals for administration of the act, prepared by the Department of Agriculture, are included for the purpose of illustration and discussion, and should not be considered as being of any binding force.

Tentative Proposals for Administration of the Soil Bank Act

Acreage reserve

The acreage reserve plan is designed to induce farmers to leave unplanted a portion of their allotment acreages for corn, wheat, cotton, rice, and certain types of tobacco. Tentative plans are as follows: The county ASC committees would set a farm yield rating for each farm for each of these allotment crops based on the average or normal yield for the last 5 years except for wheat for which the last 10 years would be used. The local ASC committee would advise each farmer of the dollar payment per acre he might receive for underplanting one or several of his allotments. The rate of payment would be based on a percentage of the loan rate times the approximate normal yield. The farmer would have to designate lands to be placed in the acreage reserve of equal quality to those used for the crop and agree that the acres so designated would not be harvested or grazed.

In the case of small farms, under the tentative plans, the farmer would be permitted to participate in the acreage reserve to the full amount of his acreage allotment up to 30 acres for grain and 10 acres for cotton. For larger farms, the maximum would be 50 percent of the allotment. There would also be a minimum acreage which could be placed in either the conservation reserve or the acreage reserve. Provisions would be included in the program requiring protection of the rights of tenants and sharecroppers.

Conservation reserve

The conservation reserve plan is designed to take lands out of the production of crops for periods of 3 to 15 years and place such lands in conservation uses such as grass, trees and other approved conservation practices. The establishment of vegetative cover, water storage facilities, improving and expanding forest cover and other conservation measures which will be obtained under the conservation reserve program, will contribute to flood prevention by retarding runoff of rainwater, prevention of soil erosion, and by providing storage of water. Water storage will be accomplished both by increased soil storage capacity and by water storage structures. These same measures, coupled with the less intensive use provided for, will conserve and rebuild soil fertility and retard soil depletion.

It is tentatively planned that in each county, the ASC committee would offer to enter into contracts specifying (1) the acreage to be placed in the program; (2) the payments to be made; and (3) the use to be made of the acres. Nationally, the annual payment on such lands would probably average about $10 per acre. Rates within a county would vary with the quality of the land. Payment rates would be determined by areas. In addition, it is tentatively planned that the contract would provide that the Government pay up to 80 percent of the cost of applying the agreed-upon conservation practices on such lands. So far as practicable, the conservation practices which would qualify for cost-sharing payments would be the same and at the same rates as under the ACP program.

To provide further detail there follows background material developed in the Department to illustrate how the proposed soil bank program would work, what administrative regulations might have to be made, suggested rates of payment for participation, and other pertinent information. This material (amended to include tobacco) was presented to the Senate Committee on Agriculture and Forestry, February 3, and has been made public by it. The Department emphasizes that the information included in the attached statement is necessarily very tentative and should be treated accordingly. Extensive checking with farmers in the field will be needed. Final arrangements for carrying out the soil bank will, of course, depend upon the final form of legislation involved. The Department of Agriculture will welcome continued suggestions and recommendations from farmers.

Plans for Implementing the Soil Bank (Tentative)

These are the types of administrative regulations which might he needed assuming the legislative proposals which have been made,

I. ACREAGE RESERVE—OBJECTIVE: REDUCE PRODUCTION OF ALLOTMENT CROPS

A. Establishment of yields to serve as a basis of payment:

1. Follow this procedure:

(*a*) Use check yields during 1951–55 as a base.

(*b*) Break the national yield figure down by States and counties.

(*c*) County committeemen determine normal yields for community (these weight out to county normal yields).

(*d*) Community committeemen establish a normal yield for each farm in the community which grows the allotment crop concerned. Each such farm will he placed in one of 5 or 7 yield categories, ranging above and below the community average. Adjustment procedures will be used to line yields with community average. (Up to this point everything can be done in the county office and will move rapidly.)

(*e*) Individual farmers will be invited to offer land for the acreage reserve which is equal in productivity to land which has been used for the given crop on their farms. Thus they can be quoted a dollar figure per acre for typical land for the allotment crop on the farm, With the possible exception of the first year, farmers should indicate their intention to participate prior to planting time. Farmers may sign up for land better than average for the farm in which case they will receive payments based on a higher yield. If below average, a lower per acre payment will be made.

B. Preliminary payment rates, minimum and maximum participation and cost:

1. Payment rates, the extent to which these rates need to be varied according to quality, location, and other factors is still under study (these figures are preliminary and are being checked in the field):

(*a*) Cotton, 50 percent of the average support price.

(*b*) Wheat, 50 percent of the support price (legislation may not be forthcoming in time to make a program this year on winter wheat practical).

(*c*) Corn, 50 percent of the support price. Discussions continue on the serious difficulties of including corn in this program.

(*d*) Rice, 50 percent of the support price.

2. Maximum and minimum participation (these should be administrative matters, not specified in the law; also there should be discretion to take care of farmers who for reasons of sickness or disability may not wish to operate their farms):

(*a*) Maximum: Grain, 30 acres or 50 percent of allotment, whichever is larger; cotton, 10 acres or 50 percent of allotment, whichever is larger.

(*b*) Minimum: Grain, 10 acres or allotment, whichever is smaller; cotton, 2 acres or allotment, whichever is smaller.

3. Participation and cost, national basis (highly tentative):

	Acres which might come in millions	National average yield per acre	Rate of payment based on normal yield	Approximate cost per acre	Total cost (in millions)
Cotton	3–5	303 pounds	50 percent of loan level	$50	$150–250
Wheat	[1] 12–15	15.8 bushels	do	17	200–250
Corn	4–6	44.2 bushels [2]	do	38	150–220
Rice	.3	2,500 pounds	do	60	18–20
Tobacco	.1	1,250 pounds	do	100	10
Total	19.4–26.4				528–750

[1] Based on both winter and spring crop.
[2] Commercial corn area yield.

NOTE.—These are based on 90 percent supports and optional parity.

C. Agreement-landlord tenant relationship:

1. Compensation is to be divided among interested landlords and tenants on the farms in the same proportion as they would have shared in the crop in the absence of a reserve acreage program, unless division on another basis is agreed upon by landlords and tenants and their agreement is approved by the county committee in accordance with standards prescribed by the State committee.

II. CONSERVATION RESERVE—OBJECTIVE: TAKE OUT THE LESS PRODUCTIVE CROPLAND

A. Conservation reserve rental rates:

1. Establishment costs, $19 per acre, national average:

(*a*) Pay 80 percent of costs, not to exceed a maximum of $25 per acre for either forage or trees.

(*b*) Keep incentives alined with ACP so as not to upset the ACP program.

2. Rental rates:

(*a*) $10 per acre, average for the United States.

(*b*) State rental rates established on basis of land values, productivity, and other factors.

(*c*) County rental rates would vary on the basis of such factors as county yields and value of farmland. County rates would be adjusted so that the weighted average did not exceed the State rate. No county rate would exceed $20 per acre.

(*d*) Farm rental rates would be established on the basis of specified acreage placed in conservation reserve. Rates would be based on relative productivity of specified acreage.

(*e*) Rental rates would need to be adjusted if grazing is permitted within the contract period.

B. Practices:

1. Eligible land should be land which was used for the production of row crops or small grain during at least 1 of the last 3 years.

2. Forage (enough seed to plant about 14 million acres in 1956):

(*a*) Prefer perennials.

(*b*) Annuals satisfactory when seeded with perennials.

(*c*) Annuals satisfactory alone when no perennial seed available and appropriate practices can be followed. Due to seed limitations, some latitude may be needed regarding soil protective practices during the first year or two.

3. Trees (enough stock to plant about half a million acres in 1956):

(*a*) Adapted forest trees.

(*b*) Shrubs when interplanted for shelterbelt purposes.

4. Water storage:

(*a*) Cost of water retention dams shared.

III. OPERATING PROCEDURE

A. We are now checking our tentative inducements and procedures in the field.

B. Develop data as soon as legislative action permits.

C. Hold educational meetings, perhaps on a county basis.

D. Arrange for signup dates and meetings.

E. Minimize the number of farm visits by handling as many things at one time as can conveniently be done.

F. There are no funds for administrative work until and unless the Congress acts.

G. If legislative action is not taken prior to April 15 it will be extremely difficult to get a program this year, except for wheat seeded in the fall of 1956.

IV. THE CERTIFICATES

A. Draw them in terms of dollars.

B. Redemption, if the farmer elects it, to be accomplished by purchase of the relevant commodity at specified rates.

C. Interest rate probably 3½ percent.

D. Maturity date probably at the time the loan normally would mature. Loans for the various commodities might all be matured at the same date.

COTTON

Bolivar County, Miss.:		
County normal yield	pounds per acre	389
Size of farm	acres	240
Acreage allotment	do	70
Acres put into reserve	do	15
Farm normal yield	pounds per acre	450
Payment rate per acre		$67. 50
Payment		$1, 012. 50
Orangeburg County, S. C.:		
County normal yield	pounds per acre	323
Size of farm	acres	60
Acreage allotment	do	15
Acres put into reserve	do	5
Farm normal yield	pounds per acre	300
Payment rate per acre		$45
Acreage reserve payment		$225
Conservation reserve acreage	acres	20
Cost of establishing grass		$500
Payment at 80 percent of cost		$400
Annual payment		$140
Conservation reserve payment, 1st year		$540
Soil bank payment, 1st year		$765

WHEAT

Ward County, N. Dak.:		
County normal yield	bushels per acre	13. 2
Size of farm	acres	320
Acreage allotment	do	120
Acreage put into reserve	do	30
County loan rate (approximately)	per bushel	$1. 80
Farm normal yield	bushels per acre	15
Payment rate per acre		$13. 50
Payment		$405
Cheyenne County, Kans.:		
County normal yield	bushels per acre	20. 7
Size of farm	acres	240
Acreage allotment	do	90
Acreage put into reserve	do	15
County loan rate (approximately)	per bushel	$1. 80
Farm normal yield	bushels per acre	19
Payment rate per acre		$17. 10
Payment		$256. 50

NOTE.—If 40 acres were put in the reserve, payment would be $684.

CORN

Blue Earth County, Minn.:		
County normal yield	bushels per acre	56. 8
Size of farm	acres	160
Acreage allotment	do	50
Acreage put into reserve	do	10
County loan rate (approximately)	per bushel	$1. 30
Farm normal yield	bushels per acre	70
Payment rate per acre		$45. 50
Payment		$455. 00

NOTE.—If he elects to put 25 acres into the reserve his payment would be $1,137.50.

Marshall County, Iowa:		
County normal yield	bushels per acre	58. 4
Size of farm	acres	320
Acreage allotment	do	140
Acreage put into reserve	do	40
County loan rate (approximately)	per bushel	$1. 32
Farm normal yield	bushels per acre	58. 4
Payment rate per acre		$38. 54
Payment		$1, 541. 60

RICE

Arcadia Parish, La.:	
Parish normal yield .... pounds per acre..	2, 177
Size of farm .... acres..	400
Acreage allotment .... do....	100
Acreage put into reserve .... do....	20
Parish loan rate (per hundredweight)	$4. 16
Farm normal yield .... pounds per acre..	2, 400
Payment rate per acre	$49. 92
Payment	$998. 40
Plus	
Cotton-acreage allotment .... acres..	40
Acreage put into reserve .... do....	10
Farm normal yield .... pounds..	400
Cotton payment	$600
Total payment	$1, 558. 40
Colusa County, Calif.:	
County normal yield .... pounds per acre..	3, 084
Size of farm .... acres..	280
Acreage allotment .... do....	90
Acreage put into reserve .... do....	10
County loan rate (per hundredweight)	$3. 50
Farm normal yield .... pounds per acre..	3, 000
Payment rate per acre	$52. 50
Payment	$525. 00

CONSERVATION RESERVE

1. Farm in western Kansas:	
960 acres.	
100 acres put into conservation reserve.	
Total cost of establishing grass cover at $7 per acre	$700
Payment to farmer at 80 percent of the cost	560
Yearly rental, based on productivity of the specific acres at $5 per acre	500
Payment to farmer the 1st year, $560 plus $500	1, 060
Payment in subsequent years for duration of the contract	500
2. Farm in the Piedmont:	
120-acre farm.	
Takes out 60 acres, puts 30 in grass, 30 in trees.	
Total cost of establishing 30 acres of grass at $30	$900
Total cost of establishing 30 acres of trees at $12	360
Payment to farmer equal to 80 percent of costs	1, 008
Annual payment, based on productivity of the reserve acres, at $8 per acre	480
Payment 1st year, $1,008, plus $480	1, 488
Payment in subsequent years for duration of the contract	480
3. Farm in New England:	
150-acre farm.	
Puts 30 acres into conservation reserve.	
Total cost of establishing grass cover at $35 per acre	$1, 050
Payment to farmer at 80 percent of the costs but not to exceed $25 per acre	750
Rental at $10 per acre	300
Total payment, 1st year, $750 plus $300	1, 050
Payment in following years for duration of the contract	300
4. Farm in the Corn Belt:	
320-acre farm.	
Puts 20 acre hill field into conservation reserve.	
Total cost of establishing grass cover at $25 per acre	$500
Payment to farmer at 80 percent of the cost	400
Rental at $15 per acre	300
Total payment, 1st year, $300 plus $300	700
Payment in following years for duration of the contract	300

CORN AND WHEAT

Montgomery County, Ill.:

Size of farm	acres	320
County corn yield	bushels	56. 1
Corn acreage allotment	acres	100
Farm normal yield	bushels per acre	60
Acreage put into reserve	acres	50
County loan rate (approximate)		$1. 42
Payment rate per acre		$42. 60
Payment		$2, 130
County wheat yield	bushels	24. 4
Wheat acreage allotment	acres	40
Farm normal yield	bushels per acre	25
Acreage put into reserve	acres	20
County loan rate (approximate)		$1. 90
Payment rate per acre		$24. 75
Payment		$495
Total acreage reserve payment		$2, 625

For reference purposes there follows a statement showing data on planted acreages, production and CCC loan and inventory stocks of the commodities eligible under the acreage reserve program.

U. S. Department of Agriculture

COMMODITY STABILIZATION SERVICE

Acreage, production, CCC stocks, and CCC loan operations, principal crops

All cotton:		
Acreage in cultivation July 1, 1955	acres	17, 489, 000
Production 1955	bales	14, 476, 000
CCC-owned stocks Feb. 8, 1956	do	7, 115, 816
Under CCC loan Feb. 3, 1956	do	6, 602, 887
Corn:		
Acreage planted 1955	acres	81, 577, 000
Production 1955	bushels	3, 184, 836, 000
CCC-owned stocks Jan. 18, 1956	do	745, 377, 000
Under CCC loan Jan. 15, 1956	do	200, 300, 000
Wheat:		
Acreage planted 1955	acres	58, 284, 000
Production 1955	bushels	938, 159, 000
CCC-owned stocks Jan. 18, 1956	do	857, 471, 000
Under CCC loan Jan. 15, 1956	do	256, 480, 000
Rice (rough):		
Acreage planted 1955	acres	1, 842, 000
Production 1955	hundredweight	53, 420, 000
CCC-owned stocks Jan. 18, 1956	do	18, 532, 000
Under CCC loan Jan. 15, 1956	do	14, 925, 000
Tobacco: [1]		
Cigar binder, type 51—		
Acreage harvested 1955	acres	7, 900
Production	pounds	12, 401, 000
CCC-owned stocks Dec. 31, 1955		None
Under CCC loan through associations, types 51 and 52, Dec. 31, 1955	pounds	7, 660, 000
Cigar binder, type 52—		
Acreage harvested	acres	5, 700
Production 1955	pounds	10, 117, 000
CCC-owned stocks Dec. 31, 1955		None
Under CCC loan Dec. 31, 1955. (Included with 51 above.)		
Cigar binder, type 54—		
Acres harvested 1955	acres	4, 700
Production 1955	pounds	6, 815, 000
CCC-owned stocks	do	95, 000
Under CCC loan through associations, types 54 and 55, December 31, 1955	pounds	5, 541, 000

[1] All tobacco data except acreage are on farm-sales-weight basis.

Acreage, production, CCC stocks, and CCC loan operations, principal crops—Con.

Tobacco—Continued	
Cigar binder, type 55—	
Acres harvested 1955 ..... acres..	9, 700
Production 1955 ..... pounds..	12, 778, 000
CCC-owned stocks	None
Under CCC loan. (Included with 54 above.)	
Burley—	
Acres harvested 1955 ..... acres..	322, 300
Production 1955 ..... pounds..	509, 835, 000
CCC stocks	None
Under CCC loans Dec. 31, 1955 of which 72,800,000 lbs. is 1955 crop ..... pounds..	476, 100, 000
Flue cured—	
Acres harvested 1955 ..... acres..	991, 700
Production 1955 ..... pounds..	1, 504, 075, 000
CCC-owned stocks	None
Under CCC loan Dec. 31, 1955 including practically all of 1955 that will be covered ..... pounds..	597, 500, 000

TITLE III—SURPLUS DISPOSAL

Section 301. Authority to add corn to set-aside

Section 301 gives the Secretary discretionary authority to add not to exceed 250 million bushels of corn to the set-aside established pursuant to section 101 of the Agricultural Act of 1954.

The Agricultural Act of 1954 provided for the insulation from commercial markets of up to $2,500 million worth of commodities held or thereafter acquired from 1954 and prior year's production. The maximum and minimum quantities specified in the law and the actual quantities set aside as of December 31, 1955, are as follows:

TABLE 7

Commodity	Maximum quantity	Minimum quantity	Quantity in set-aside as of Dec. 31, 1955
Wheat ..... bushels..	500, 000, 000	400, 000, 000	420, 286, 393
Upland cotton ..... bales..	4, 000, 000	3, 000, 000	2, 632, 456
Cottonseed oil ..... pounds..	500, 000, 000	.....	.....
Butter ..... do....	200, 000, 000	.....	.....
Nonfat dry milk solids ..... do....	300, 000, 000	.....	.....
Cheese ..... do....	150, 000, 000	.....	.....

The price-support level for corn has been announced for the 1956 crop at 81 percent of parity, or $1.40 per bushel, based on the indicated supply situation and the January 15, 1956, parity. Had 250,000,000 bushels of corn been included in the set-aside at the time these determinations were made, the change in supply data would have resulted in a support price of 84 percent of parity, or $1.45.

Section 302. Program of orderly liquidation

Section 302 requires the Secretary to submit to Congress within 60 days after the enactment of the act a detailed program for the disposition of all stocks of agricultural commodities held by CCC and to report annually thereafter on operations undertaken to dispose of such stocks.

There follows a statement showing the quantity and value of commodities pledged for outstanding CCC loans and commodities in price-support inventory of the CCC as of December 31, 1955, with a comparison in total as of December 31, 1954. (Quantity data shown include the quantities in the set-aside inventory as of the respective dates.)

TABLE 8.—*Quantity and value of commodities pledged for outstanding loans and commodities in price-support inventory as of Dec. 31, 1955, and total investment as of Dec. 31, 1954*

[All figures in thousands]

Commodity	Unit of measure	Investment as of Dec. 31, 1955 [1]						Total investment as of Dec. 31, 1954 [1]	
		Pledged for loans		In inventory		Total			
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Basic commodities:									
Corn	Bushels	180,159	$277,579	757,612	$1,300,323	937,771	$1,577,902	757,756	$1,237,164
Cotton, extra long staple	Bales	13	3,566	93	33,975	106	37,541	84	29,519
Cotton, upland	do	5,422	893,034	7,921	1,437,071	13,343	2,330,105	8,424	1,428,692
Peanuts, farmers' stock	Pounds	290,746	32,856	6,033	668	296,779	33,524	12,968	1,351
Rice	Hundredweight	12,115	64,158	15,387	175,902	27,502	240,060	15,369	84,701
Tobacco	Pounds	1,053,976	597,808	231	92	1,054,207	597,900	725,891	346,279
Wheat	Bushels	221,241	455,343	888,542	2,399,042	1,109,783	2,854,385	1,106,257	2,756,649
Total basic commodities			2,324,344		5,347,073		7,671,417		5,884,355
Designated nonbasic commodities:									
Honey	Pounds	986	105			986	105	1,725	218
Milk and butterfat:									
Butter	do			166,399	100,685	166,399	100,685	451,541	292,678
Butter oil	do			23,980	20,613	23,980	20,613		
Cheese	do			333,002	131,250	333,002	131,250	437,706	175,109
Milk, dried	do			161,714	28,216	161,714	28,216	268,259	43,642
Whey	do			8,180	503	8,180	503	85,122	3,471
Tung oil	do			22,988	5,850	22,988	5,850	38,516	9,459
Wool	do			140,059	94,156	140,059	94,156	145,445	96,657
Total designated nonbasic commodities			105		381,273		381,378		621,234
Other nonbasic commodities:									
Barley	Bushels	69,152	61,147	31,261	43,966	100,413	105,113	94,694	109,142
Beans, dry edible	Hundredweight	2,284	15,005	1,865	14,755	4,149	29,760	3,210	24,870
Cottonseed and products:									
Cotton linters	Pounds			495,830	47,771	495,830	47,771	663,989	64,560
Cottonseed	Tons	(2)	7				7	(2)	2
Cottonseed meal	Pounds			53	2	53	2	4,773	71
Cottonseed oil	do			17,878	2,801	17,878	2,801	604,489	107,551
Flaxseed	Bushels	6,685	18,925	438	1,517	7,123	20,442	6,153	19,649
Grain sorghum	Hundredweight	43,483	75,828	26,452	77,379	69,935	153,207	51,260	126,438
Linseed oi	Pounds			57,256	8,385	57,256	8,385	130,828	22,306

Naval stores:									
Rosin	do			280, 234	21, 517	280, 234	21, 517	348, 570	26, 367
Turpentine	Gallons			1, 846	1, 059	1, 846	1, 059	2, 873	1, 576
Oats	Bushels	56, 237	34, 493	35, 258	29, 988	91, 495	64, 481	84, 810	66, 305
Olive oil	Gallons							365	934
Rye	Bushels	8, 988	9, 595	3, 306	5, 390	12, 294	14, 985	7, 579	10, 720
Seeds, hay and pasture	Pounds			26, 718	15, 198	26, 718	15, 198	38, 181	20, 273
Seeds, winter cover crop	do							26, 753	3, 772
Soybeans	Bushels	22, 342	44, 680	410	986	22, 752	45, 666	23, 177	50, 148
Total other nonbasic commodities			259, 680		270, 714		530, 394		654, 684
Exchange commodities: Strategic and critical materials					83, 120		83, 120		10, 952
Total			2, 584, 129		6, 082, 180		8, 666, 309		7, 171, 225

[1] Book value before deduction of reserve for losses.
[2] Less than a thousand.

Section 303. Reestablishment of historic share of world cotton market

Section 303 directs Commodity Credit Corporation to use its existing powers and authorities to reestablish and maintain the fair historical share of the world market for United States cotton. Under this authority the Secretary would be directed to initiate immediately an export program for cotton so that it will move into export channels at competitive world prices. The program developed could provide either for the sale of CCC cotton for export at competitive world prices or for a cash export subsidy on United States cotton sufficient to make it competitive in world markets. The section also provides that cotton made available by CCC under section 102 of the Agricultural Trade Development and Assistance Act of 1954 shall be sold at competitive world prices. Cotton made available is intended to include cotton sold from its stocks by CCC as well as cotton made available for export under the program through CCC financing of exportations from private stocks.

The Department initiated a special cotton export program January 1, 1956, and 723,469 bales were sold during the first 6 weeks of the program. The cotton has been sold at prices averaging about $45 per bale under the minimum price at which it could have been sold for unrestricted use under section 407 of the Agricultural Act of 1949, as amended.

Section 304. Extra long staple cotton

Section 304 directs the Secretary of Agriculture to provide sufficient incentive to domestic users of extra long staple cotton to assure domestic utilization of a minimum of 30,000 bales of such cotton annually and authorizes appropriations for such purpose.

Section 305. Section 32 funds supplemented

Section 305 of the bill authorizes an annual appropriation of $250 million, free of the existing 25 percent limitation on the expenditure of funds with respect to any one commodity, to enable the Secretary of Agriculture to further carry out the provisions of section 32.

There follows a statement of the section 32 funds available for the fiscal year 1956:

Carried forward from 1955	$300,000,000
Appropriated (30 percent of customs receipts)	166,807,174
Total available under sec. 32	466,807,174
Deduct transfer to Interior Department	−4,322,879
Total available to USDA	462,484,295

Section 32, enacted in August 1935, appropriates for each fiscal year an amount equal to 30 percent of the previous calendar year's customs receipts for the purpose of encouraging the domestic consumption and exportation of agricultural commodities. The Agricultural Act of 1948 provides that up to $300 million of unused prior year balances remain available for use.

Section 32, as amended (7 U. S. C. 612c), provides that the amount that may be devoted during any fiscal year to any one agricultural commodity or the products thereof shall not exceed 25 percent of the funds available under this section for such fiscal year and also that the funds "shall be devoted principally" to nonbasic perishable agricultural commodities other than those receiving price support under title II of the Agricultural Act of 1949, as amended.

Public Law 393, 76th Congress (53 Stat. 1411 and 1412), as amended by Public Law 466, 83d Congress, provides that section 32 funds in an amount equal to 30 percent of customs receipts collected on fishery products shall be transferred to the Secretary of the Interior. Also, Public Law 311 of August 9, 1955 (84th Cong.) authorizes the use of $15 million to meet commodity program costs in each of the fiscal years 1956 and 1957 for the purchase and donation of wheat flour and cornmeal to needy persons without regard to the requirement relating to the amounts to be devoted to perishables. In addition to these limitations and requirements for section 32 funds, their use is also authorized by section 392 (b) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1392 (b)), for operating expenses and administration of other laws such as the Marketing Agreement Act of 1937.

The use of section 32 funds for program operations varies from year to year, depending upon economic conditions with respect to particular commodities as well as the outlets which may be available for commodities purchased. Based on total funds available under section 32 for fiscal year 1956, the largest amount that can be devoted to commodity program costs for any one commodity or product thereof is $116,701,793. This would include the direct program costs of purchasing, processing, packaging, transporting, etc. Administrative expenses of the Department in connection with section 32 programs are not included in the calculation of the amount devoted to any one commodity. The largest amount previously devoted to any one commodity was in the fiscal year 1954 when $87,129,232, or the equivalent of 18.3 percent of total funds available, was used for commodity program costs for the purchase and donation of dairy products.

Section 306. Transfer of barter materials to supplemental stockpile

Section 306 provides for the transfer to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954 of materials acquired by CCC under the barter program unless such materials were acquired for the national stockpile or were acquired for other purposes, and authorizes appropriations to reimburse CCC for the value of any materials so transferred. This section also provides that strategic materials acquired by CCC as a result of barter may be imported free of duty as in the case of strategic materials imported for the national stockpile. Although it would appear that materials imported by CCC are already exempt under the provisions of 15 United States Code 713a–5, which exempts CCC from all taxation except real estate taxes, it is understood that the Bureau of Customs has raised a question whether this exemption extends to import duties. The present section will make it clear that materials entered by CCC are exempt from duties.

Section 307. Sales for foreign currency exempted from cargo preference

Section 307 removes sales for foreign currency under title I of the Agricultural Trade Development and Assistance Act of 1954 from the requirement of the cargo preference statute, Public Law 664, 83d Congress, that at least 50 percent of commodities transported on ocean vessels under certain foreign aid programs and other Government programs shall be transported on privately owned United States-flag vessels.

From the inception of the title I program under Public Law 480 through January 31, 1956, agreements have been entered into with 22 countries providing for the sale of approximately $517 million worth of commodities at export market value. The cost to the Commodity Credit Corporation of financing these sales will be about $769 million. Ocean freight costs involved in moving these commodities and financed by the United States will amount to about $53 million. The export market value of the commodities plus the amount of ocean freight financed, except for differentials absorbed by the United States, is paid by the importing countries in their own currencies.

In applying the cargo preference law to the program, at least 50 percent of each commodity to each country is required to be moved on United States flag vessels, if available. Also, at least 50 percent of shipments in each of the categories, liner, tramp, and tanker are required to move on United States flag vessels, if available. Compliance with these requirements is assured through prior approval by the Department of all vessel charters and liner bookings.

The Commodity Credit Corporation finances ocean transportation costs on United States vessels when such vessels are required to be used in order to assure compliance with the provisions of the Cargo Preference Act. The amount by which freight costs on such vessels exceed the prevailing rate on foreign flag vessels is absorbed by the United States. Ocean transportation costs on United States vessels over and above that necessary to comply with the provisions of the Cargo Preference Act and on third country vessels is financed only to the extent that the importing country is unable to pay such costs. Transportation costs on vessels of the importing country are not financed under the program.

Approximately 53 percent of the total tonnage was approved for shipment on United States-flag vessels. Tramp tonnage was about 81 percent of the total, liner tonnage about 18 percent, and tanker tonnage about 1 percent. The 18 percent liner tonnage breaks down, 13 percent United States flag and 5 percent foreign flag. Tramp tonnage divided about 40 percent United States and 41 percent foreign, the 1 percent in favor of foreign tramps being the result of the shortage of United States-flag tramps to carry wheat to Yugoslavia during February of 1955. Since that time no appreciable difficulty has been experienced in the chartering of sufficient United States-flag vessels.

Your committee is firmly convinced that the maintenance of our merchant marine fleet is essential to national welfare and security. However, such governmental support as is necessary for maintenance should be directly provided and should not be at the expense of the farm program. The word "expense" is used in this connection to connote not so much monetary expense as the expense of curtailed dispositions of surpluses under the program and hampered efforts to obtain the liberalization of restrictions against the commercial importation of United States agricultural products into maritime nations.

The Department reported favorably on S. 2584, a bill to exempt the title I program from cargo preference, for the following reasons:

First, we have lost opportunities to move commodities to a number of countries. Only one country, Denmark, has definitely rejected the possibility of negotiating a title I program because of cargo preference. Difficulties in securing acceptance of cargo preference by three other maritime nations have delayed negotiations for extended periods. These negotiations have not been terminated, however, and efforts are being continued to overcome this resistance. It is impossible to estimate with any degree of accuracy the value of commodity movement lost because of this problem.

Second, the cargo-preference requirement has resulted in added cost to the farm program. It is necessary to provide dollar financing of ocean freight charges on United States-flag vessels required to be used. Total freight approved for financing during 1955 was about $31 million. About $12 million of this was on United States vessels required to be used in programs with maritime nations which carried all or substantially all of the non-United States-flag tonnage in their own vessels. In the absence of the United States-flag requirement these countries could be expected to participate in the program without any financing of ocean freight by the United States.

In addition to financing the freight charges on United States-flag vessels required to be used, it is necessary for the United States to absorb the differential resulting from use of such vessels where shipment would be cheaper on foreign-flag vessels. On vessels approved during 1955, differentials amounting to about $3 million will have been paid by CCC. This amount will not be covered by foreign-currency payments of the importing countries.

Third, the cargo-preference requirement is hampering efforts to obtain trade liberalization on agricultural commodites. Many importing countries discriminate against imports of United States commodities through quotas, exchange controls, and other restrictions. The Department of Agriculture is making a determined effort to obtain liberalization of such restrictions as part of its overall program to expand exports of United States farm commodities. Obviously, it is difficult for the United States to argue for the lifting of restrictions while imposing restrictions of its own. Maritime nations argue that the freedom of their merchant fleets to compete in the world market is as important to them as the freedom of our farmers to compete in the world market is to us.

Section 308. Surplus Disposal Administrator

Section 308 authorizes the Secretary of Agriculture to appoint an Agricultural Surplus Disposal Administrator at a salary rate of not exceeding $15,000 per annum. This authority is needed in order to secure the best qualified person available. Under present legislation Department final authority to determine compensation for this position is limited to GS–15 with a base rate of $11,610. The possibilities of having the position established in GS–18 ($14,800) through Civil Service Commission channels are quite remote under present numerical restrictions of the Classification Act.

Section 309. State Contribution in Disaster Relief

Section 309 of the bill provides that after March 1, 1957, the States must contribute at least 15 percent of the cost of feed or seed made available for disaster relief.

During the fiscal year 1955 there were two programs of this nature in effect. Under the 1955 emergency feed program, eligible farmers received purchase orders enabling them to buy from established dealers at reduced prices, certain designated surplus feed grains, such as barley, corn, wheat, grain sorghums and oats, or approved mixed feed containing a high percentage of the surplus feed grains. Dealers received a certificate representing the value of the reduction in the price of the feed and used it to buy replacement stocks which eventually came from CCC inventories. The cost of this program to the Government during the fiscal year 1955, represented by the value of CCC inventories released in satisfaction of dealer's certificates was approximately $61,200,000. Had the States been required to contribute 15 percent of the cost of this program during the fiscal year 1955 their contribution would have amounted to $9,180,000. The emergency feed program was operative as of January 31, 1956, in Colorado, Kansas, Nevada, North Carolina, Oregon, Texas, Utah, and Wyoming.

A second program conducted during the fiscal year involved the execution of agreements with States to assist them in furnishing hay to eligible farmers. Under these agreements the Department contributed a definite sum to the State to defray one-half the cost of transportation of the hay (not to exceed $10 per ton). The total of such contributions during the fiscal year 1955 was $4,684,839. Since the States assumed at least half of the transportation costs for hay, as well as the costs incident to the purchase and distribution of such hay, they would not have to make any additional contributions in a program such as this. North Carolina is the only State with which the Department has a hay agreement at the present time.

TITLE IV—MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Section 401. Extension of surrender and reapportionment

Section 401 extends to the 1956 and 1957 crops of wheat the provisions of section 334 (f) of the Agricultural Adjustment Act of 1938, as amended, whereby wheat producers who do not plant all their wheat allotments can release the unused portion of the allotment. The amount released would be deducted from the allotment for the farm from which released and would be reapportioned by the county committee to other farms in the same county. If not needed in the county, the county committee could surrender the acreage to the State committee for the purposes of establishing new farm allotments. In establishing future allotments, acreages so released and reapportioned are credited to the releasing farms rather than to the farms to which surrendered. Provision for permanent release of allotments is made.

Since release and reapportionment to be effective must be accomplished prior to planting time, extension of the provision to cover the 1956 crop would be applicable only in areas where spring wheat is grown and not in areas where only winter wheat can be grown.

Section 402. Commercial wheat producing area

Section 402 would amend the provision in the Agricultural Adjustment Act of 1938 for determining the noncommercial wheat-producing area. Under present law any State may be excluded from the commercial wheat-producing area for any year if its State allotment for such year is determined to be 25,000 acres or less. As amended, the Secretary would be required to exclude any State from the commercial area for any year if the State allotment for the immediately preceding year is determined to be 240,000 acres or less. By basing the determination on the size of the allotment for the preceding year and making the action of the Secretary mandatory, States will be able to know well in advance whether they will be in the commercial area.

The States which would be included in the noncommercial wheat area under the proposal to include all States with 240,000 acres or less in the State wheat allotment, based on 1956 State wheat allotments, are as follows:

(*a*) 12 States included on the basis of the present "25,000 acres or less" provision:

	Acres		*Acres*
Alabama	14, 505	Mississippi	21, 143
Arizona	17, 533	Nevada	11, 616
Connecticut	626	New Hampshire	71
Florida	1, 329	Rhode Island	603
Louisiana	3, 184	Vermont	432
Maine	1, 347		
Massachusetts	687	Total	73, 076

(*b*) 11 additional States which would become noncommercial under the proposed "240,000 acres or less" provision:

	Acres		*Acres*
Arkansas	47, 433	South Carolina	133, 488
Delaware	36, 370	Tennessee	199, 261
Georgia	105, 624	West Virginia	42, 956
Iowa	139, 443	Wisconsin	45, 174
Kentucky	219, 495		
Maryland	187, 546	Total	1, 211, 931
New Jersey	55, 141		

The total 1956 allotment acreage involved in the proposed "240,000 acres or less" provision is 1,285,007 or 2.2 percent of the national allotment of 55 million acres. There follows a statement of the acreage allotments for the 36 States included in the commercial area under the "25,000 acres or less" provision:

1956 allotment

	Acres		*Acres*
Arkansas	47, 433	Ohio	1, 594, 233
California	455, 719	Oklahoma	4, 860, 057
Colorado	2, 702, 237	Oregon	819, 522
Delaware	36, 370	Pennsylvania	620, 185
Georgia	105, 624	South Carolina	133, 488
Idaho	1, 159, 816	South Dakota	2, 749, 275
Illinois	1, 384, 461	Tennessee	199, 261
Indiana	1, 166, 484	Texas	4, 227, 136
Iowa	139, 443	Utah	314, 994
Kansas	10, 587, 206	Virginia	261, 043
Kentucky	219, 495	Washington	2, 009, 033
Maryland	187, 546	West Virginia	42, 956
Michigan	969, 478	Wisconsin	45, 174
Minnesota	726, 503	Wyoming	303, 725
Missouri	1, 163, 686		
Montana	4, 002, 138	Total commercial area	54, 871, 924
Nebraska	3, 200, 332	Total noncommercial area	73, 076
New Jersey	55, 141	National reserve	55, 000
New Mexico	465, 924		
New York	312, 175		
North Carolina	283, 395		
North Dakota	7, 321, 263	Grand total	55, 000, 000

Section 403. Small farm allotments for cotton

Section 403 would amend section 344 of the Agricultural Adjustment Act of 1938, as amended, to provide for reserving not to exceed 1 percent of the national acreage allotment to assist in establishing minimum farm allotments. The State committee would be required to reserve as much as 3 percent of the State allotment, if needed, to supplement the acreage allocated to the State from the national reserve. Under existing law, the county allotment is used first to establish minimum farm allotments at the smaller of 5 acres or the highest acreage planted on the farm in the preceding 3 years, in all counties where farm allotments are established on the "cropland factor" basis and in other counties where allotments are established on the "historical" basis and the county committee elects to establish such minimum farm allotments. The proposed amendments to section 344 of the act would change the fixed acreage portion of the minimum allotment provision from 5 acres to 4 acres and would require minimum farm allotments to be established in all counties regardless of the allotment basis used. The Secretary would determine, on the basis of data available in connection with past allotment programs and such surveys as he deems necessary to obtain additional data on which to base estimates, the additional acreage which would be required to establish minimum farm allotments (assuming that allotments were first made on a cropland or history basis). The acreage so determined would be used as a basis for allocating the national acreage reserve to States and for allocating such reserve, as well as acreage from the State reserve for minimum allotments, to counties.

The national acreage allotment announced for the 1956 cotton crop is 17,391,304 acres. One percent of this total would be 173,913 acres.

Section 404. Minimum State acreage allotments for 1956 rice crop

Section 404 would amend section 353 of the Agricultural Adjustment Act of 1938, as amended, to provide minimum State rice acreage allotments for 1956 equal to 85 percent of the final allotment established for 1955. Any acreage apportioned to farms in the State from the national reserve acreage would be included in determining the minimum allotment. The final allotment for 1955 would include the State allotment originally determined plus the increased acreages allotted in the State through legislation enacted after State allotments were originally determined.

In States having county allotments the increase in State allotments would be apportioned among counties on the same basis as the State allotment had theretofore been apportioned among counties, but without regard to adjustments for trends in acreage.

The additional acreage apportioned to each State by this section is shown in the last column of the following table:

TABLE 9.—*Rice: Additional allotment acreage that would be apportioned to State under sec. 404 of S. 3183*

State	Total rice acreage apportioned to State for 1955	85 percent of total rice acreage apportioned to State for 1955	Total rice acreage apportioned to State for 1956	Additional acreage required for 1956 to provide allotment equal to 85 percent of final allotment for 1955
Arkansas	453, 850	385, 772	399, 084	0
California	352, 729	299, 820	297, 174	2, 646
Louisiana	558, 934	475, 094	465, 773	9, 321
Texas	496, 929	422, 390	421, 360	1, 030
Mississippi	54, 921	46, 683	46, 267	416
Arizona	269	229	227	2
Florida	1, 126	957	949	8
Illinois	24	20	20	0
Missouri	5, 388	4, 580	4, 557	23
North Carolina	34	29	29	0
Oklahoma	175	149	147	2
South Carolina	3, 350	2, 847	2, 783	64
Tennessee	605	514	517	0
United States total	1, 928, 334	1, 639, 084	1, 638, 887	13, 512

Section 405. Preservation of unused acreage allotments

Section 405 would provide that with respect to the 1956 and subsequent crops of any commodity for which acreage allotments under the Agricultural Adjustment Act of 1938, as amended, were in effect, the entire acreage allotment for the farm would be considered for purposes of future farm acreage allotments as having been planted to the commodity in such year if the owner or operator of the farm notified the county committee prior to the 60th day preceding the beginning of the marketing year of his desire to preserve the farm acreage allotment of the commodity. This provision would not be applicable to any farm on which no acreage of the commodity was planted for 4 successive years or in any case in which the amount of the commodity of any previous crop stored to postpone or avoid payment of penalty had been reduced because the allotment was not fully planted. No other farm would be permitted to use the acreage of which notice was given under the section.

TITLE V—RICE

Section 501. Two-price plan for rice

Section 501 provides that the national acreage allotment of rice for 1957 shall not be less than the national acreage allotment for 1956, including any acreage allotted under section 404 of the bill. The 1957 allotment will be apportioned among the States in the same proportion as in 1956. The effect of this provision on 1957 State acreage allotments is shown in the last two columns of the following table.

TABLE 10.—*Rice: Indicated 1957 State acreage allotments under S. 3183 as compared with indicated 1957 State allotments under the present law and 1956 State allotments now in effect*

State	1956 State acreage allotment	Additional acreage apportioned to State from 1956 national reserve	Total acreage apportioned to State for 1956	Total acreage apportioned to State for 1956, adjusted for increase under sec. 404 of S. 3183	Indicated 1957 State allotment under present law [1]	Indicated 1957 State allotment under S. 3183
Arkansas	399, 084	0	399, 084	399, 084	402, 852	399, 084
California	297, 100	74	297, 174	299, 820	296, 691	299, 820
Louisiana	460, 704	5, 069	465, 773	475, 094	463, 416	475, 094
Texas	421, 360	0	421, 360	422, 390	419, 479	422, 390
Mississippi	41, 422	4, 845	46, 267	46, 683	42, 555	46, 683
Arizona	10	217	227	229	----------	229
Florida	887	62	949	957	888	957
Illinois	11	9	20	20	14	20
Missouri	3, 673	884	4, 557	4, 580	4, 005	4, 580
North Carolina	27	2	29	29	23	29
Oklahoma	38	109	147	149	63	149
South Carolina	1, 958	825	2, 783	2, 847	2, 040	2, 847
Tennessee	517	0	517	517	502	517
Total, United States	1, 626, 791	12, 096	1, 638, 887	1, 652, 399	1, 632, 528	1, 652, 399
National reserve	12, 293	(197)	(197)	(197)	[2] 6, 556	(197)
National allotment	1, 639, 084	12, 293	1, 639, 084	1, 652, 596	1, 639, 084	1, 652, 596

[1] Assuming the national acreage allotment to be the same as in effect for 1956 and the 1956 planted and diverted acreage of rice to be the same as determined for 1955.

[2] To be apportioned among the minor rice-producing States receiving inadequate State or county allotments such as Mississippi, Missouri, South Carolina, etc.

Two-price plan

Section 501 also provides for a 2-price plan for rice of the 1956 and 1957 crops. A primary market quota for rice is to be determined and proclaimed by the Secretary of Agriculture for each marketing year. This primary market quota is to be determined on the basis of the quantity of processed rice (expressed in terms of hundredweights of rough rice) which the Secretary determines will be consumed in the United States (including its Territories and possessions and the Commonwealth of Puerto Rico) or exported to Cuba during the marketing year, taking into consideration the historical consumption of United States rice in these markets and any expected increase in consumption. In determining the primary quota, rough rice used for feed or seed would be excluded, since it is not intended that the primary quota would include rice which is not milled. For 1956, the primary market quota is to be apportioned among the States on the basis of the 1955 production of rice in each State. For 1957, the primary market quota is to be apportioned among the States on the basis of the average yield per acre of rice in each State during 1955 and 1956, multiplied by the acreage allotment for the State. Each State quota is to be apportioned among farms in the State on the basis of the acreage allotment established for each farm, multiplied by the normal yield per acre for the farm. The estimated 1956 primary market quota and its apportionment among the States is shown in the following tables:

TABLE 11.—*United States milled rice consumed in primary markets (on rough-rice basis)*

[Thousand 100-pound bags]

Marketing year	Food	Industry	Total consumed	Exports to Cuba	Total primary market
1950–51	18, 252	4, 866	23, 118	10, 066	33, 184
1951–52	16, 756	4, 750	21, 506	7, 131	28, 637
1952–53	17, 750	4, 577	22, 327	7, 039	29, 366
1953–54	17, 950	4, 560	22, 510	6, 850	29, 360
1954–55	18, 000	5, 700	23, 700	4, 914	28, 614
1955–56 [1]	18, 500	5, 500	24, 000	4, 748	28, 748
1956–57 [2]	18, 500	5, 700	24, 200	4, 750	28, 950

[1] Preliminary.
[2] Estimated.

TABLE 12.—*Rice: Apportionment of the estimated 1956 primary market quota among the several States*

[100-pound bags]

State	1955 production [1]	1956 State primary quota	State	1955 production [1]	1956 State primary quota
Arkansas	12, 694, 000	6, 854, 007	Missouri	120, 350	64, 982
California	11, 186, 000	6, 039, 777	North Carolina	350	189
Louisiana	13, 150, 000	7, 100, 220	Oklahoma	3, 900	2, 106
Texas	14, 880, 000	8, 034, 318	South Carolina	43, 400	23, 433
Mississippi	1, 510, 000	815, 310	Tennessee	11, 700	6, 317
Arizona					
Florida	16, 750	9, 044	United States total	53, 617, 000	28, 950, 000
Illinois	550	297			

[1] Production for the 5 major rice-producing States are official estimates of the Department of Agriculture while production for the 7 minor States was determined by multiplying the 1955 measured acreage in each such State by the 1955 State average yield per acre as reported by the Southern Rice Millers Association.

Price support will be made available by Commodity Credit Corporation to cooperators through loans, purchases, or other operations on the 1956 crop of rice at 55 percent of the parity price of rice as of the beginning of the marketing year. On the 1957 crop, the level of support is to be at such level as the Secretary of Agriculture determines will not discourage or prevent exportation of rice produced in the United States, but such level is not to be less than 50 percent nor more than 90 percent of the parity price.

Certificates will be issued by the Secretary of Agriculture to cooperators each marketing year for farms having primary market quotas. Such certificates will be issued for a quantity of rice equal to the primary market quota for the farm but not more than the normal yield for the acreage planted to rice on the farm. The value of each certificate will be equal to the difference between 90 percent of the parity price of rice as of the beginning of the marketing year and the level of price support for rice for such marketing year (to be calculated to the nearest cent) multiplied by the quantity of rice for which the certificate is issued. The landlord and his tenants or sharecroppers will share in the certificates in the same proportion as they share in the rice produced on the farm or the proceeds therefrom. Commodity Credit Corporation will redeem at its value any certificate not used to cover the processing or importation of rice.

Assuming the parity price of rice on August 1, 1956 (the beginning of the 1956–57 marketing year), to be the same as the January 15, 1956, parity price of $5.42 per hundredweight, the unit value of the certificate for 1956 crop rice would be computed as the difference between $2.98 per hundredweight (55 percent of parity) and $4.88 per hundredweight (90 percent of parity) or $1.90 per hundredweight.

Beginning August 1, 1956, each person processing rough rice in the United States (excluding Puerto Rican or Hawaiian rice processed in Puerto Rico or Hawaii) will be required to acquire certificates in an amount sufficient to cover the quantity of rough rice processed. Each person importing processed rice into the United States on or after August 1, 1956, will also be required to acquire certificates covering the rough rice equivalent of such processed rice. Such certificates may be acquired from producers by the processor or importer, or he may purchase certificates from Commodity Credit Corporation. Upon the exportation to any country other than Cuba of processed rice with respect to which certificates were acquired, Commodity Credit Corporation will pay the exporter an amount equal to the value of the certificates for the rough rice equivalent of the processed rice.

The provisions of this section will not be applicable to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed 3 acres or to rice grown in Puerto Rico or Hawaii.

Inventory adjustment payments

In order to facilitate the transition to the two-price plan, inventory adjustment payments will be made to all persons owning rough rice located in the continental United States as of July 31, 1956, except that payments will not be made with respect to 1956-crop rice, imported rice, or rice acquired from Commodity Credit Corporation. Such payments will be in amounts equal to 35 percent (the difference between 90 percent and 55 percent) of the parity price of rice as of August 1, 1956, multiplied by the quantities of such rough rice. An appropriation to reimburse Commodity Credit Corporation for such payments is authorized.

Transfer of rice to the set-aside

The Secretary is given discretionary authority to transfer to the commodity set-aside, established pursuant to section 101 of the Agricultural Act of 1954, all rough and processed rice in the inventories of Commodity Credit Corporation as of 60 days after the beginning of the 1956 marketing year for rice, not exceeding 20 million hundredweight of rough rice or its equivalent in processed rice.

The proportion of United States rice used for domestic consumption and export is shown by the following table:

TABLE 13.—*Rice: Percentage, domestic consumption and exports (in rough rice equivalent) is of total production during the marketing years 1939–40 through 1955–56*

Marketing year	Production [1]	Domestic consumption		Exports	
		Total	Percent of production	Total	Percent of production
(1)	(2)	(3)	(4)	(5)	(6)
1939–40	24, 328	20, 046	82. 4	4, 484	18. 4
1940–41	24, 495	21, 138	86. 3	5, 651	23. 1
1941–42	23, 095	19, 571	84. 7	6, 552	28. 4
1942–43	29, 082	20, 266	69. 7	6, 961	23. 9
1943–44	29, 264	21, 316	72. 8	7, 069	24. 2
1944–45	30, 974	20, 001	64. 6	10, 201	32. 9
1945–46	30, 668	19, 613	64. 0	11, 469	37. 4
1946–47	32, 497	20, 162	62. 0	12, 291	37. 8
1947–48	35, 217	22, 037	62. 6	13, 055	37. 1
1948–49	38, 275	22, 092	57. 7	14, 378	37. 6
1949–50	40, 784	23, 423	57. 4	16, 224	39. 8
1950–51	38, 757	25, 693	66. 3	13, 167	34. 0
1951–52	45, 853	24, 121	52. 6	24, 058	52. 5
1952–53	48, 260	25, 121	52. 1	25, 122	52. 1
1953–54	52, 761	25, 764	48. 8	22, 708	43. 0
1954–55	64, 514	27, 839	43. 2	14, 385	22. 3
1955–56 [2]	53, 617	27, 917	52. 1	23, 000	42. 9

[1] Production for the marketing years 1949–50 through 1955–56 includes estimated production in the minor rice-producing States.
[2] Preliminary

TITLE VI—FORESTRY PROVISIONS

Tree planting and reforestation

Section 601 provides for assistance to States for tree planting and reforestation. The objective of this section is to step up nationwide the present rate of reforestation on all land in need of such planting irrespective of ownership. This would be accomplished through a cooperative plan of action between the individual States and the Secretary of Agriculture. The plan would originate in the States through the State foresters or equivalent State officials and after approval by the Secretary would be put into effect by a State agency. The major provisions of this section would:

(1) Establish a policy of Congress that the Secretary of Agriculture should assist the States in undertaking needed programs of tree planting.

(2) Permit a State to draw up a plan of reforestation that would further this purpose and submit such plan to the Secretary of Agriculture for his consideration and approval.

(3) When the Secretary has approved the plan, authorize and direct him to assist the State in carrying out the plan which assistance may

include furnishing advice, technical assistance and financial contributions up to an amount equal to the State expenditure for the same purpose during the same fiscal year.

(4) Require the Secretary to obtain cooperation and assistance of other Federal agencies and the appropriate State foresters in the approval and carrying out of the plan when it includes forest lands under such other Federal agencies' jurisdiction.

The committee believes that more money should be made available for tree planting and recommends that the Appropriations Committees consider providing $50 million to carry out the provisions of this section.

Forest products

Section 602 provides for price reporting and research with respect to forest products. This section would direct the Secretary to: (1) establish a price reporting service for basic forest products such as standing timber, sawlogs, and pulpwood; (2) conduct and stimulate research aimed at developing the efficiency of marketing forest products; and (3) study price trends and relationships for basic forest products and within 2 years report thereon to the Congress.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ACT OF 1949

SEC. 101. * * *

(d) Notwithstanding the foregoing provisions of this section—

(1) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be 90 per centum of the parity price for the 1950 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(2) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be not less than 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(4) the level of price support for corn to cooperators outside the commercial corn-producing area shall be 75 per centum of the level of price support to cooperators in the commercial corn-producing area;

(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

[(6) Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than 82½ per centum of the parity price for the 1955 crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas; within such limits, the minimum level of support shall be fixed as provided in subsections (a) and (b) of this section.]

(6) except as provided in section 402, the level of support to cooperators shall be 90 per centum of the parity price for the 1956 and 1957 crops of any basic agricultural commodity other than wheat if producers have not disapproved marketing quotas therefor;

(7) Where a State is designated under section 335 (e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat

to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

(8) if producers have not disapproved marketing quotas for the crop, (A) the support price to cooperators for milling quality wheat shall be established upon the basis of a support level for the crop of 90 per centum of the parity price for wheat, and (B) the support price to cooperators in any area for any other wheat shall be established, without regard to paragraph (7) of this subsection, at such level as the Secretary determines will preserve the competitive relationship between such wheat and corn on the basis of their respective feed values; but in no event shall the average support price to cooperators for all wheat (based upon anticipated production) be less than 75 per centum of its parity price. For the purposes of this paragraph milling quality wheat shall be wheat produced in any area from seed of a variety which in such area normally produces wheat of a quality desired for milling purposes. In determining milling quality wheat, the Secretary shall consult with a committee appointed by him and composed of three representatives from each of the principal wheat-producing areas. Of the three representatives from each area, one shall be a wheat farmer, one shall be a wheat miller, and one shall be a person experienced in research on wheat varieties. At least one of the millers on the committee shall have had experience in producing semolina flour. Wheat of the 1956 crop planted in any area shall be milling quality wheat for the purposes of this paragraph, unless such wheat is of a variety which was designated as undesirable in such area by the Department of Agriculture prior to the time such wheat was planted. This paragraph shall be applicable only to the 1956 and 1957 crops.

SEC. 201. * * *

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at [such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply] *not less than 80 per centum nor more than 90 per centum of the parity price therefor using a parity equivalent for manufacturing milk based on the thirty-month period July 1946 to December 1948, both inclusive.* * * *

* * * * * * *

SEC. 203. Whenever the price of either cottonseed or soybeans is supported under this Act, the price of the other shall be supported at such level as the Secretary determines will cause them to compete on equal terms on the market.

* * * * * * *

SEC. 403. Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments shall, so far as practicable, be made in such manner that the average support price for such commodity will, on the basis of the anticipated incidence of such factors, be equal to the level of support determined as provided in this Act. [Middling seven-eighths-inch cotton shall be the standard grade for purposes of parity and price support.]

SECTION 3 (a) OF THE ACT OF AUGUST 29, 1949 (P. L. 272, 81ST CONG.)

[(a) Notwithstanding any other provision of law, Middling seven-eighths-inch cotton shall be the standard grade for purposes of parity and price support.]

THE AGRICULTURAL ADJUSTMENT ACT OF 1938

TITLE III—PARITY PAYMENTS, CONSUMER SAFEGUARDS, [AND] MARKETING QUOTAS, *AND RICE CERTIFICATES*

SEC. 301. (a) * * *

(1) * * *

(G) Notwithstanding the foregoing provisions of this section, the parity price for any basic agricultural commodity[, as of any date during the six-year period beginning January 1, 1950,] shall not be less than its parity price computed in the manner used prior to the enactment of the Agricultural Act of 1949.

* * * * * * *

SEC. 334. * * *

(f) Any part of any 1955, *1956, and 1957* farm wheat acreage allotment on which wheat will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of wheat tillable acres, crop rotation practices, type of soil, and topography. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (c) of this section. Any allotment transferred under this provision shall be regarded for the purposes of subsection (c) of this section as having been planted on the farm from which transferred rather than on the farm to which transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for an allotment as having wheat planted thereon during the three-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any 1955, *1956, or 1957* farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage surrendered, reapportioned under this subsection, and planted shall be credited to the State and county in determining future acreage allotments.

* * * * * * *

SEC. 335. * * *

(e) [If, for any marketing year, the acreage allotment for wheat for any State is twenty-five thousand acres or less, the Secretary, in order to promote efficient administration of this Act and the Agricultural Act of 1949, may designate such State as outside the commercial wheat-producing area for such marketing year.] *The Secretary shall designate any State as outside the commercial wheat-producing area for any marketing year if the acreage allotment of wheat for such State for the immediately preceding marketing year was two hundred and forty thousand acres or less.* No farm marketing quota or acreage allotment with respect to wheat under this title shall be applicable in such marketing year to any farm in any State so designated; and no acreage allotment in any other State shall be increased by reason of such designation. Notice of any such designation shall be published in the Federal Register.

* * * * * * *

SEC. 344. * * *

(*b*) The national acreage allotment for cotton for 1953 and subsequent years shall be apportioned to the States on the basis of the acreage planted to cotton (including the acreage regarded as having been planted to cotton under the provisions of Public Law 12, Seventy-ninth Congress) during the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed, with adjustments for abnormal weather conditions during such period: *Provided, That there is hereby established a national acreage reserve consisting of an amount, which shall be deducted from the national acreage allotment, equal to 1 per centum of such national acreage allotment; and such reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), as determined by the Secretary without regard to State and county acreage reserves, and the additional acreage so apportioned to the State shall be apportioned to the counties on the same basis and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreage). Needs for additional acreage under the foregoing proviso and under the last proviso in subsection (e) shall be determined as though allotments were first computed without regard to subsection (f) (1).*

* * * * * * *

(e) The State acreage allotment for cotton shall be apportioned to counties on the same basis as to years and conditions as is applicable to the State under subsections (b), (c), and (d) of this section: *Provided*, That the State committee may reserve not to exceed 10 per centum of its State acreage allotment (15 per centum if the State's 1948 planted acreage was in excess of one million acres and less than half its 1943 allotment) which shall be used to make adjustments in county allotments for trends in acreage, for counties adversely affected by abnormal conditions affecting plantings, or for small or new farms, or to correct inequities in farm allotments and to prevent hardship: *Provided further, That if the additional acreage allocated to a State under the proviso in subsection (b) is less than the requirements as determined by the Secretary for establishing minimum farm allotments for the State under subsection (f) (1), the acreage reserved by the State committee under this subsection shall be not less than the smaller of (1) the remaining* *acreage so determined to be required for establishing minimum farm allotments or (2) 3 per centum of the State acreage allotment; and the acreage which the State committee is required to reserve under this proviso shall be allocated to counties on the basis of their needs for additional acreage for establishing minimum farm allotments under subsection (f) (1), and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreages).*

(f) The county acreage allotment, less not to exceed the percentage provided for in paragraph (3) of this subsection, shall be apportioned to farms on which cotton has been planted (or regarded as having been planted under the provisions of Public Law 12, Seventy-ninth Congress) in any one of the three years immediately preceding the year for which such allotment is determined on the following basis:

(1) ⟦There⟧ *Insofar as such acreage is available, there* shall be allotted the smaller of the following: (A) ⟦five⟧ *four* acres; or (B) the highest number of acres planted ⟦(or regarded as planted under Public Law 12, Seventy-ninth Congress)⟧ to cotton in any year of such three-year period.

(2) The remainder shall be allotted to farms other than farms to which an allotment has been made under paragraph (1) (B) so that the allotment to each farm under this paragraph together with the amount of the allotment to such farm under paragraph (1) (A) shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreages the acres devoted to the production of sugarcane for sugar; sugar beets for sugar; wheat, tobacco, or rice for market; peanuts picked and threshed; wheat or rice for feeding to livestock for market; or lands determined to be devoted primarily to orchards or vineyards, and nonirrigated lands in irrigated areas: *Provided, however,* That if a farm would be allotted under this paragraph an acreage together with the amount of the allotment to such farm under paragraph (1) (A) in excess of the largest acreage planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) to cotton during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) in any such year.

(3) The county committee may reserve not in excess of 15 per centum of the county allotment * * * which, in addition to the acreage made available under the proviso in subsection (e), shall be used for (A) establishing allotments for farms on which cotton was not planted (or regarded as planted under Public Law 12, Seventy-ninth Congress) during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton, crop-rotation practices, and the soil and other physical facilities affecting the production of cotton; and (B) making adjustments of the farm acreage allotments established under paragraphs (1) and (2) of this subsection so as to establish allotments which are fair and reasonable in relation to the factors set forth in this paragraph and abnormal conditions of production on such farms, or in making adjustments in farm acreage allotments to correct inequities and to prevent hardships: *Provided,* That not less than 20 per centum of the acreage reserved under this subsection shall, to the extent required, be allotted, upon such basis as the Secretary deems fair and reasonable to farms (other than farms to which an allotment has been made under subsection (f) (1) (B)), if any, to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection.

*   *   *   *   *   *   *

(6) Notwithstanding the ⟦foregoing⟧ provisions of *paragraph (2) of* this subsection ⟦except paragraph (3)⟧, if the county committee recommends such action and the Secretary determines that such action will result in a more equitable distribution of the county allotment among farms in the county, the *remainder of the* county acreage allotment ⟦, less the acreage reserved under paragraph (3) of this subsection,⟧ *(after making allotments as provided in paragraph (1) of this subsection)* shall be ⟦apportioned⟧ *allotted* to farms ⟦on which cotton has been planted in any one of the three years immediately preceding the year for which such allotment is determined, on the basis of the acreage planted to cotton on the farm during such three-year period, adjusted as may be necessary for abnormal conditions affecting plantings during such three-year period: *Provided,* That the county committee may in its discretion (A) apportion such county allotment by first establishing minimum allotments in accordance with paragraph (1) of this

subsection and by allotting the remaining acreage to farms other than those receiving an allotment under paragraph (1) (B) in accordance with the foregoing provisions of this paragraph and (B)], *other than farms to which an allotment has been made under paragraph (1) (B) of this subsection so that the allotment to each farm under this paragraph together with the amount of the allotment of such farm under paragraph (1) (A) of this subsection shall be a prescribed percentage (which percentage shall be the same for all such farms in the county) of the average acreage planted to cotton on the farm during the three years immediately preceding the year for which such allotment is determined, adjusted as may be necessary for abnormal conditions affecting plantings during such three-year period: Provided, That the county committee may in its discretion* limit any farm acreage allotment established under the provisions of this paragraph for any year to an acreage not in excess of 50 per centum of the cropland on the farm, as determined pursuant to the provisions of paragraph (2) of this subsection: *Provided further*, That any part of the county acreage allotment not apportioned under this paragraph by reason of the initial application of such 50 per centum limitation shall be added to the county acreage reserve under paragraph (3) of this subsection and shall be available for the purposes specified therein. If the county acreage allotment is apportioned among the farms of the county in accordance with the provisions of this paragraph, the acreage reserved under paragraph (3) of this subsection may be used to make adjustments so as to establish allotments which are fair and reasonable to farms receiving allotments under this paragraph in relation to the factors set forth in paragraph (3).

* * * * * * *

SEC. 353. * * *

(c) Notwithstanding any other provisions of this Act—

* * * * * * *

(5) Each of the State acreage allotments for 1956 heretofore proclaimed by the Secretary, after adding thereto any acreage apportioned to farms in the State from the reserve acreage set aside pursuant to subsection (a) of this section, shall be increased by such amount as may be necessary to provide such State with an allotment of not less than 85 per centum of its final allotment established for 1955. Any additional acreage required to provide such minimum allotment shall be additional to the national acreage allotment. In any State having county acreage allotments for 1956, the increase in the State allotment shall be apportioned among counties in the State on the same basis as the State allotment was heretofore apportioned among the counties, but without regard to adjustments for trends in acreage.

* * * * * * *

PRESERVATION OF UNUSED ACREAGE ALLOTMENTS

SEC. 377. In any case in which, during any year after 1955 for which acreage allotments are in effect for any commodity under this Act, the acreage planted to such commodity on any farm is less than the acreage allotment for such farm, the entire acreage allotment for such farm shall be considered for purposes of future farm acreage allotments to have been planted to such commodity in such year, but only if the owner or operator of such farm notifies the county committee prior to the sixtieth day preceding the beginning of the marketing year for such commodity of his desire to preserve such allotment. This section shall not be applicable to any farm on which no acreage of the commodity was planted for four successive years or in any case in which the amount of the commodity required to be stored to postpone or avoid payment of penalty has been reduced because the allotment was not fully planted. Nothing herein shall be construed to permit the allotment to any other farm of the acreage with respect to which notice is given under this section.

* * * * * * *

SUBTITLE D—RICE CERTIFICATES

LEGISLATIVE FINDINGS

SEC. 380a. The movement of rice from producer to consumer is preponderantly in interstate and foreign commerce, and the small quantity of rice which does not move in interstate or foreign commerce affects such commerce. In order to provide an adequate and balanced flow of rice in interstate and foreign commerce and to assure consumers an adequate and steady supply of rice at fair prices it is necessary to *regulate all commerce in rice in the manner provided in this subtitle. These findings are supplemental to and in addition to the findings contained in section 351 of this Act.*

EFFECTIVE DATE AND TERMINATION

SEC. 380b. The provisions of this subtitle, unless extended by law, shall apply only to the crops of rice harvested in 1956 and 1957. Notwithstanding any other provision of law, the national acreage allotment of rice for 1957 shall be not less than the national acreage allotment for 1956, including any acreage allotted under section 353 (c) (5) of this Act, and such 1957 national allotment shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.

RICE PRIMARY MARKET QUOTA

SEC. 380c. Not later than December 31 of each year, the Secretary shall determine and proclaim the primary market quota for rice for the marketing year beginning in the next calendar year, except that for the marketing year beginning in 1956 such determination and proclamation shall be made not later than thirty days after the enactment of the Agricultural Act of 1956. The primary market quota shall be the number of hundredweights of rice (on a rough rice basis) which the Secretary determines will be consumed in the United States (including its Territories and possessions and the commonwealth of Puerto Rico) or exported to Cuba, during such marketing year. In making this determination the Secretary shall consider the historical consumption in these markets of rice produced in the United States and any expected enlargement in such consumption predicated upon population trends, increased per capita consumption, and other relevant factors.

APPORTIONMENT OF PRIMARY MARKET QUOTA

SEC. 380d. (a) The primary market quota for rice shall be apportioned by the Secretary among the several States on the basis of the average yield per acre of rice in each State during the three years immediately preceding the year for which the quota is proclaimed (or in the case of the apportionment for 1957, during the two years preceding such year) multiplied by the acreage allotment of such State for such year. Notwithstanding the foregoing provisions of this subsection, the primary market quota for rice shall be apportioned by the Secretary among the several States for the marketing year beginning in 1956 on the basis of the 1955 production of rice in each State.

(b) The State primary market quota shall be apportioned by the Secretary among farms on the basis of the acreage allotment established for each farm multiplied by the normal yield per acre for the farm.

REVIEW OF PRIMARY MARKET QUOTA

SEC. 380e. Notice of the primary market quota shall be mailed to the operator of the farm to which such quota applies. The farm operator may have such quota reviewed in accordance with the provisions of sections 363 to 368, inclusive, of this Act.

PRICE SUPPORT

SEC. 380f. (a) Notwithstanding any other provision of law, the Commodity Credit Corporation shall make price support available to cooperators through loans, purchases, or other operations on the 1956 crop of rice at 55 per centum of the parity price of rice as of the beginning of the marketing year and on the 1957 and subsequent crops of rice at such level, not less than 50 per centum or more than 90 per centum of the parity price therefor, as the Secretary determines will not discourage or prevent the exportation of rice produced in the United States.

(b) Section 101 of the Agricultural Act of 1949, as amended, shall not apply to price support made available on rice of the 1956 and 1957 crops, but all the other provisions of such Act, to the extent not inconsistent with this subtitle, shall apply to price-support operations carried out under this section.

CERTIFICATES

SEC. 380g. (a) The Secretary of Agriculture shall for each marketing year issue certificates to cooperators for a quantity of rice equal to the primary marketing quota for the farm for such marketing year, but not exceeding the normal yield of the acreage planted to rice on the farm. The certificate shall have the value specified in subsection (e) of this section.

(b) The landlord, tenants, and sharecroppers on the farm shall share in the certificates issued with respect to the farm in the same proportion as they share in the rice produced on the farm or the proceeds therefrom.

(c) The provisions of section 385 of this Act shall be applicable to certificates issued to producers under this section.

(d) The Commodity Credit Corporation shall issue and sell certificates to persons engaged in the processing of rough rice or the importing of processed rice. Each such certificate shall be sold for an amount equal to the value thereof, as specified in subsection (e) of this section.

(e) The value of each certificate issued under this section shall be equal to the difference between 90 per centum of the parity price of rice as of the beginning of the marketing year for which the certificate is issued and the level of price support for rice which is in effect during such marketing year, calculated to the nearest cent, multiplied by the quantity of rice for which the certificate is issued. Any certificates not used to cover the processing of rice or the importation of processed rice pursuant to sections 380k and 380l of this Act shall be redeemed by the Commodity Credit Corporation at the value thereof.

INVENTORY ADJUSTMENT PAYMENTS

SEC. 380h. To facilitate the transition from the price support program currently in effect to the program provided for in this subtitle, the Commodity Credit Corporation shall make inventory adjustment payments to all persons owning rough rice located in the continental United States as of July 31, 1956, in amounts equal to 35 per centum of the parity price of rice as of August 1, 1956, multiplied by the quantities of such rough rice: Provided, however, That such payments shall not be made with respect to rice of the 1956 crop, imported rice, or rice acquired from Commodity Credit Corporation. There are hereby authorized to be appropriated such sums as may be necessary to make payment to Commodity Credit Corporation for expenditures pursuant to this section.

RICE SET-ASIDE

SEC. 380i. All rough and processed rice in the inventories of Commodity Credit Corporation as of sixty days after the beginning of the 1956 marketing year, not exceeding twenty million hundredweight of rough rice or its equivalent in processed rice may be transferred to and be made a part of the commodity set-aside of rice established pursuant to section 101 of the Agricultural Act of 1954.

EXEMPTIONS

SEC. 380j. The provisions of this subtitle shall not apply to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres or to rice produced in Puerto Rico, or Hawaii.

PROCESSING RESTRICTIONS

SEC. 380k. (a) Each person who on or after August 1, 1956, engages in the processing of rough rice in the United States shall, upon processing any quantity of rough rice, acquire certificates issued under section 380g of this Act in an amount sufficient to cover such quantity of rough rice.

(b) The requirements of subsection (a) of this section shall not be applicable to the processing in Puerto Rico or Hawaii of rough rice grown in Puerto Rico or Hawaii, respectively.

(c) Upon the exportation from the United States to any country other than Cuba of any processed rice with respect to which certificates were acquired in accordance with the requirements of subsection (a) of this section or section 380l, the Commodity Credit Corporation shall pay to the exporter an amount equal to the value of the certificates for the rough rice equivalent of such processed rice.

IMPORT RESTRICTIONS

SEC. 380l. Each person who, on or after August 1, 1956, imports processed rice into the United States shall acquire certificates issued under section 380g of this Act covering the rough rice equivalent of such processed rice.

REGULATIONS

SEC. 380m. The Secretary shall prescribe regulations governing the issuance, redemption, acquisition, use, transfer, and disposition of certificates hereunder.

CIVIL PENALTIES

Sec. 380n. Any person who violates or attempts to violate, or who participates or aids in the violation of, any of the provisions of sections 380k or 380l of this Act, or regulations prescribed by the Secretary for the enforcement of such provisions, shall forfeit to the United States a sum equal to three times the market value, at the time of the commission of such act, of the product involved in such violation. Such forfeiture shall be recoverable in a civil suit brought in the name of the United States.

REPORTS AND RECORDS

Sec. 380o. (a) The provisions of section 373 of this Act shall apply to all persons except rice producers, who are subject to the provisions of this subtitle, except that any such person failing to make any report or keep any record as required by this section or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $2,000 for each such violation.

(b) The provisions of section 373 (b) of the Act shall apply to all rice farmers how are subject to the provisions of this subtitle.

DEFINITIONS

Sec. 380p. For the purposes of this subtitle—

(a) "cooperator" shall have the same meaning as under the Agricultural Act of 1949, as amended.

(b) "processing of rough rice" means subjecting rough rice for the first time to any process which removes the husk or hull from the rice and results in the production of processed rice.

(c) "processed rice" means any rice from which the husk or hull has been removed and includes, but is not limited to—

(1) whole grain rice,
(2) second head milled rice,
(3) screenings milled rice,
(4) brewers milled rice,
(5) undermilled rice or unpolished rice,
(6) brown rice,
(7) converted rice, malekized rice or parboiled rice, and
(8) vitaminized rice or enriched rice.

(d) "United States" means the several States, the Territories of Hawaii and Alaska, the District of Columbia, and the Commonwealth of Puerto Rico.

(e) "exporter" means the consignor named in the bill of lading under which the processed rice is exported; Provided, however, That any other person may be considered to be the exporter if the consignor named in the bill of lading waives his claim in favor of such other person.

(f) "rough rice equivalent" means the quantity of rough rice normally used (as determined by the Secretary of Agriculture) in the production of a particular quantity of processed rice, but shall not be more than one hundred pounds of rough rice for each sixty-eight pounds of processed rice.

(g) "import" means to enter, or withdraw from warehouse, for consumption.

SUBTITLE [D] *E*—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

The following acts would be made inapplicable to transactions under title I of Public Law 480, 83d Congress:

ACT OF MARCH 26, 1934, AS AMENDED

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of Congress that in any loans made by the Reconstruction Finance Corporation or any other instrumentality of the Government to foster the exporting of agricultural or other products, provision shall be made that such products shall be carried exclusively in vessels of the United States, unless, as to any or all of such products, the United States Maritime Commission, after investigation, shall certify to the Reconstruction Finance Corporation or any other instrumentality of the Government that vessels of the

United States are not available in sufficient numbers, or in sufficient tonnage capacity, or on necessary sailing schedule, or at reasonable rates.

SECTION 901 (b) OF THE MERCHANT MARINE ACT OF 1936, AS AMENDED (ADDED BY THE ACT OF AUGUST 26, 1954)

(*b*) Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies: *And provided further*, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution Numbered 17, Seventy-third Congress (48 Stat. 500), as amended.

MINORITY VIEWS

The Senate Agriculture and Forestry Committee (1) by the narrow margin of 8–7 voted for returning to rigid 90 percent mandatory price support without regard to the size of surpluses for cotton, corn, and peanuts for 1956 and 1957. (Also the committee voted for rigid 90 percent mandatory price support on milling-quality wheat which as now defined will qualify nearly all wheat seeded) and (2) voted for continuing "old" parity for any so-called "basic" commodity if it is higher than "modernized" parity. In 1954 90 percent mandatory rigid price supports, without regard to the size of surpluses, were defeated in the Senate by a vote of 49–44.

Thus through S. 3183 the majority of the committee is again asking the Senate to approve farm legislation which the Senate has considered previously and which it has determined is against the interests of farmers and ranchers in particular and the public in general.

Title I of the bill directs that the commodities wheat, cotton, and corn, which are in a serious oversupply situation, be supported at levels which will continue to stimulate wasteful overproduction. Likewise, it directs the support of peanuts at a level which will encourage overproduction.

Title II (the soil-bank provision) contradicts title I and directs that farmers go in the opposite direction by lowering production to help bring supplies into balance with demand. Thus the bill, on the one hand, proposes to raise the level of price support and thereby stimulate production and, on the other hand, it proposes a soil bank which is intended to reduce production and dispose of surpluses. How production can be stimulated and reduced at the same time, we don't know. Even Joshua only commanded the sun to stand still. As bold as Joshua was, he wasn't so foolish as to command that the sun stand still and simultaneously both rise and set. The continuation of wartime incentive levels of price support nullifies the good points of the proposed legislation aimed at bringing supply and demand into a healthy balance.

Going back to 90 percent rigid price supports, regardless of how high surpluses pile up, is like eating more green apples to cure a stomach ache caused by eating green apples.

The evidence is overwhelming: At the outset of World War II, Congress raised price supports from a range of 52 to 75 percent of parity to 90 percent of parity in order to encourage allout production for insatiable war demand—production shot up.

Continuation of those wartime incentive levels for more than 10 years after the war has smothered farmers in an avalanche of surpluses. No wonder prices have sagged. No wonder the net income of farmers has gone down. There isn't any business that can be operated successfully on the basis of pouring more and more resources into production at a time when markets are contracting due to an adjustment from wartime to peacetime levels. Increased production in agriculture has been encouraged by Government intervention at a time when incentives to produce should have been gradually lowered to encourage adjustment to peacetime demands. Farmers and ranchers see clearly that rigid 90 percent supports on the basic commodities in the face of mounting surpluses are doing them more harm than good. We have gotten into trouble by extending 90 percent supports year after year. Flexible supports haven't been given a chance to help guide production and consumption. Farmers and ranchers are being hurt by the Government continuing to provide an incentive to increase production of unneeded commodities, by curtailing the movement of production into domestic and foreign markets, and by piling up income-depressing surpluses in Government hands.

Net farm income has continued to decline despite 90 percent rigid price supports. Flexible supports are only being put into effect on some commodities for the first time in 1956. The law didn't allow flexible supports to be put into effect until the harvesting of the 1955 crops last fall and only then on a very limited basis. The following table shows the levels of price supports on basic commodities that were in effect in 1954 and 1955.

Level of price support

Commodity	Unit	Beginning of marketing season	1954		1955	
			Average support price	Support level, percent of parity	Average support price	Support level, percent of parity
Wheat	Bushel	July	$2.24	90	$2.08	82½
Corn	do	October	1.62	90	1.58	87
Cotton (upland)	Pound	August	.3158	90	.3170	90
Peanuts	do	do	.122	90	.122	90
Rice	Hundredweight.	do	4.92	91	4.66	86
Tobacco:						
Flue-cured	Pound	July	.479	90	.483	91
Burley	do	October	.464	91	.462	91
Other				[1] 90		[1] 90

[1] Generally 90 percent.

Source: U. S. Department of Agriculture release, October 1955.

The foregoing table clearly shows that for practical purposes rigid high price supports have been in effect up to the present time.

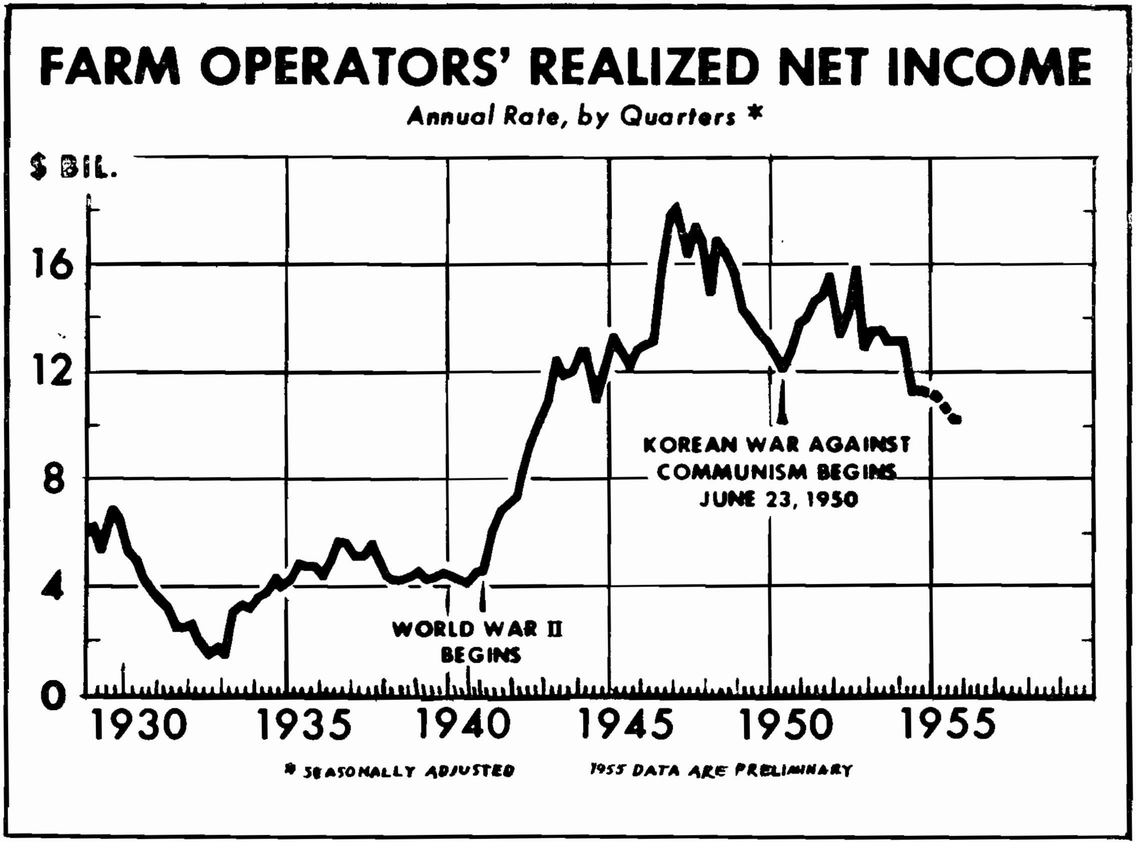
The following table shows what has happened to net farm income for the past 15 years:

Realized net farm income from farming

	Billions of dollars	
1940	4.3	
1941	6.2	
1942	8.8	
1943	11.9	World War II.
1944	12.2	
1945	12.9	
1946	15.0	Postwar reconstruction in Europe and domestic shortages of nonagricultural consumer goods.
1947	17.2	
1948	15.9	
1949	13.7	
1950:		
1st quarter	12.8	
2d quarter	12.1	Korean war against Communism begins.
3d quarter	12.7	
4th quarter	13.8	
1951:		
1st quarter	14.0	
2d quarter	14.7	
3d quarter	14.9	
4th quarter	15.6	Korea.
1952:		
1st quarter	13.4	
2d quarter	14.1	
3d quarter	15.9	
4th quarter	12.8	
1953:		
1st quarter	13.6	
2d quarter	13.6	Korean war stalemated.
3d quarter	13.2	
4th quarter	13.2	
1954:		
1st quarter	13.2	
2d quarter	11.3	
3d quarter	11.4	
4th quarter	11.3	
1955:		
1st quarter	11.2	
2d quarter	10.7	
3d quarter	10.2	
4th quarter	10.2	

Source: USDA Farm Income Situation, Dec. 16, 1955.

High rigid supports have been in effect practically all of this time. Farmers know that war demand caused prices and net farm income to shoot up. They do not want to resume the sacrifices of war. The following chart gives a clear picture of how war has affected net farm income.


FARM OPERATORS' REALIZED NET INCOME
Annual Rate, by Quarters *
$ BIL.
16
12
8
4
0
1930
1935
1940
1945
1950
1955
WORLD WAR II BEGINS
KOREAN WAR AGAINST COMMUNISM BEGINS JUNE 23, 1950
* SEASONALLY ADJUSTED
1955 DATA ARE PRELIMINARY

SURPLUSES PILE UP

Surpluses were beginning to get out of hand just before Korea. Even while the war against the Communists was going on in Korea, the stimulus to overproduction was causing surpluses to mount higher and higher. Also, the incentive to produce has been so great that production has increased while large parts of the country suffered from drought. A combination of drought, production controls, and Government-induced surpluses has brought real hardship to farmers in many areas.

Carryover of selected basic commodities

	Wheat	Cotton	Corn		Wheat	Cotton	Corn
	Millions of bushels	*Millions of bales*	*Millions of bushels*		*Millions of bushels*	*Millions of bales*	*Millions of bushels*
1948	196	2.991	124	1953	562	5.512	769
1949	307	5.218	813	1954	902	9.653	920
1950	425	6.749	845	1955	1,020	11.140	1,024
1951	396	2.166	739	1956	1,050	14.000	1,200
1952	256	2.720	487				

Source: U. S. Department of Agriculture.

As surpluses grow higher and expenditures mount, the borrowing authority of CCC is being sharply increased.

CCC borrowing authority increases

	Billions		*Billions*
Aug. 12, 1945	$4.750	Aug. 31, 1954	$10.000
June 28, 1950	6.750	Aug. 11, 1955	12.000
Mar. 20, 1954	8.500		

Source: Commodity Credit Corporation.

As of December 1955, $10.992 million of these funds was in use.

By disposing of surpluses through (1) the International Wheat Agreement, (2) the use of a part of duties on imports, (3) the International Cooperation Administration and predecessor agencies, and (4) similar devices, the Commodity Credit Corporation does not reflect on its books much of the loss which finally shows up in taxes and the public debt.

Costs of storage alone are now more than $1 million per day.

NOTE.—For further facts in regard to agricultural development see Appendix A.

RESPONSIBLE OPINION FAVORS FLEXIBLE SUPPORTS

The great majority of informed opinion favors flexible price supports. Every Secretary of Agriculture for the past 25 years has recommended flexible supports. The major general farm organizations, representing most of the farmers, have rejected rigid supports as unsound.

The only general farm organization in the United States which has a member-State organization in each one of the 48 States, overwhelmingly favors flexible price supports. In its convention last December, only 39 voting delegates out of 163 favored rigid supports. This organization, representing over 1,600,000 farm families and a steadily increasing membership, favors price supports as a method of avoiding the dumping of a full year's harvest on the market at one time. It looks upon price supports as a method of helping farmers to market their commodities in an orderly manner over a 12-month period. However, it does not consider it the responsibility of the Government to guarantee profitable prices to any group. These farmers recognize that real farm income cannot be protected by policies which draw excessive resources into agriculture, create unmanageable surpluses, or cause artificial prices to be capitalized into land values. Farmers themselves insist that it should be recognized that (*a*) a Government storehouse is not a market and (*b*) that farmers cannot get fair prices for farm products in the market place as long as we are faced with surpluses of such products.

Farmers want national policies affecting farm production and marketing to promote a realistic balance between markets and productive capacity. They recognize we have a greatly expanded productive plant and reduced foreign markets. Any program which has the result of expanding agricultural output in the absence of a comparable increase in effective market demand is contrary to the interests of farmers. Likewise, programs which induce producers to continue inefficient production render a disservice to agriculture by contributing to the accumulation of surpluses, raising the average cost of production and limiting production per man—all of which tend to limit the opportunity of farm people to earn a good income.

Livestock producers, through their associations, have consistently rejected not only rigid price supports but price supports of any kind. Poultrymen, vegetable growers, fruit growers, and many others, speaking through their associations, likewise oppose rigid high price supports.

Economists are practically unanimous that the long-run interests of farmers are harmed by rigid supports. The thorough studies by Department of Agriculture experts in 1946, 1947, 1948, and again in 1953, 1954, and 1955 came to the firm conclusion that rigid wartime supports designed to stimulate production for war needs, were incompatible with a peacetime economy.

FARMERS GAIN INCOME WITH LOWER SUPPORTS

Corn

Some people insist that lower supports will lower farmers' net income. Henry Wallace, former Secretary of Agriculture (1933–40), in November 1955, had this to say:

> Eighteen months or so ago when hogs were around $26 a hundred I said the Corn Belt farmer ought to be happy with $16 hogs and $1.20 corn as a 10-year average provided other things did not go up in price. This is not 90 percent of parity. It is not even 80 percent of parity.
>
> The truth of the matter is, and every well-informed person in the Middle West and Northwest knows it, we now have far too many acres of land in grain of all kinds and especially so in wheat. Radical steps will have to be taken soon if the ever normal granary and commodity-loan system is not to be destroyed.
>
> **I believe the Corn Belt farmer stands to gain in income if the loan is usually made at somewhat less than 90 percent of parity. The reason why I believe in a loan for corn which is usually less than 90 percent of parity is twofold—first corn is being produced with less cost per bushel as a result of new techniques. Second, the consumption of livestock and livestock products can be greatly increased if the price is not too high.**

AGRICULTURAL ACTS OF 1948 AND 1949

Widespread misunderstanding exists with regard to the economic and political facts surrounding the passage of the Agricultural Acts of 1948 and 1949 which were designed to carry out in the postwar period the idea of assisting farmers to market their commodities in an orderly manner throughout the marketing year.

The Agricultural Acts of 1948 and 1949, which constitute the basic price support and adjustment program authority, were designed to provide farmers governmental assistance in adjusting production to effective demand.

It should be borne in mind that this legislation was evolved during a period after World War II that resembled in many ways the current period. Then, as now, we had moved out of a shooting-war situation into a postwar type of economic setting. Then, as now, we had our agricultural plant overexpanded and were confronted with reduced foreign demand. The year 1947 was one of extensive farm program studies just as 1955 was.

On April 21, 1947, Clinton P. Anderson, Secretary of Agriculture, said:

> We need to develop a long-range system of commodity price floors to protect producers against excessive or abnormal declines during the market season and to generally cushion declines in farm prices and incomes in the event of business recessions. We should make sure, however, that we do not establish a rigid system of price relationships * * *. Prices are and should be an effective means of encouraging changes in production as the conditions of production and demand change.

In 1947, in response to questioning by members of the Senate Committee of Agriculture and Forestry, Carl C. Farrington, speaking as chairman of the Department's Committee on Price Policy and Production Adjustment, said:

> We have given much thought to the percentage of modernized parity which might be used as a minimum price floor. Our studies indicate that 50 percent of parity, for example might not be high enough to act as an effective stop-loss mechanism, and 90 percent might force us into a completely managed agricultural economy.

President Truman sent a message to the Congress on May 14, 1948. In it he asked for flexible price supports in these words:

> Many shifts in production will have to be made and flexible price supports will help us make them in an orderly manner. This will require authority to make prompt adjustments in support levels in line with current and prospective supply-and-demand conditions. It will also require flexibility in the choice of methods or programs that are designed to be most effective for individual commodities, that avoid waste, and that help bring about needed adjustments in production, distribution, and consumption.

Both the Republican and Democratic Party platforms in 1948 were straightforward in their endorsement of the basic principles of the Agricultural Act of 1948, including flexible price supports.

Both candidates for President campaigned in support of flexible price supports. In a speech which President Truman delivered at Springfield, Ill., on October 12, just prior to the November 2, 1948, election, he said:

> Here are the main outlines of the agricultural program we must have:
>
> 1. We must have on a permanent basis a system of flexible price supports for agricultural commodities. Price supports and related measures help us keep our farm production adjusted to shifting market requirements * * *.

The President's Council of Economic Advisers on January 7, 1949, submitted an economic review under the heading, "Farm Price Supports," in which they used these words:

Intercommodity price relationships must be kept consistent with basic trends in demand and supply conditions. To the maximum extent possible, parity-price relationships and support-price programs should encourage shifts to those commodities that are most wanted. Rigid systems of support, in violation of this principle, can only lead to rigid systems for restricting output that violate our tenets of economic freedom, that work against our objectives of maximum production, and that in the end take away from farmers' incomes through decreased volume as much as, or more than, they add through increased prices.

The Agricultural Act of 1948 represents an important step forward in recognizing the difficulties associated with overrigid supports.

In his budget message to the 81st Congress in January 1949 President Truman restated the fundamental principles upon which the Agricultural Act of 1948 was based.

As I said a year ago, price supports should be regarded "chiefly as devices to safeguard farmers against forced selling under unfavorable conditions and economic depression." Their purpose is to bring an element of stability into agriculture. At the same time they should not place excessive burdens on the Treasury and taxpayers or inhibit shifts in production needed to meet peacetime demands and to promote adequate conservation of our soil resources.

The majority report of the Joint Committee on the Economic Report, headed by Senator O'Mahoney (Democrat, Wyoming) and Congressman Hart (Democrat, New Jersey) had this to say on May 1, 1949:

In order to fit a prosperous and equitably treated agriculture consistently into an economy seeking to operate continuously at maximum levels, agricultural price supports must be kept as floor prices; not as a means of price fixing, nor to guarantee a profit, but to provide a barrier against the sort of devastating price declines which in the past have made agricultural depression the forerunner of business and industrial depression * * *.

The need to put into operation a flexible, well-integrated and varied farm program is urgent. In addition to flexible price supports intelligently adapted to postwar conditions, consideration should be given as parts of a coordinated program to such measures as the provision of adequate storage facilities, more adequate credit accommodations, crop insurance, and so forth.

The minority report contained the following pertinent paragraph:

We still consider that a support-price program for farm prices is highly desirable to prevent the development of a depression through a complete collapse in agricultural products. We do not feel that it is our function at this time to discuss the various plans for such price support, but we recommend that a full trial be given to the Aiken-Hope Act and its plan of sliding-scale support recommended by the leading agricultural associations. The administration of this plan should be directed not as if it were a relief measure or a guaranteed equality of income for individuals, but as a major weapon against distortion between urban and rural incomes which could bring collapse to the entire Nation.

RIGID SUPPORTS ARE GENERALLY HARMFUL

Rigid mandatory supports at 90 percent of parity without regard to supply seriously injure (1) the vast majority of farmers and (2) consumers.

RIGID SUPPORTS INJURE FARMERS

Rigid supports injure farmers by increasing their costs, decreasing their markets, obstructing needed adjustments, assisting their competitors, lowering their net income, discrediting sound farm programs and decreasing their freedom of choice.

1. Increase costs

(*a*) *Unit costs.*—As acreage controls are applied, farmers are being forced to cut down on the number of acres devoted to the production of a particular commodity, and in many instances this raises the unit cost of production. Farmers thereby make less net income.

(*b*) *Diverted acres.*—One of the fundamental premises of the price-support program is that price support will encourage production. Since the time of the Federal Farm Board, advocates of price support have insisted that production control is a necessary part of the price-support program. This first price-pegging operation failed because there was not any authority for keeping supplies in line with demand, and it has not yet been demonstrated that any governmental authority will keep supplies in line with demand when producers have prices supported at incentive levels.

The Farm Board asked farmers to cut down on production voluntarily, but there was not any mechanism whereby if one farmer cut back he could be sure his neighbor would do likewise. As a consequence, the price supports were an incentive to produce more than the market would take at such artificial prices. Alexander Legge, Chairman of the old Federal Farm Board, in his final report, had this to say about the failure to keep supplies in line with demand:

> No cooperative system can successfully accomplish its purpose unless production is coordinated with marketing * * *. Attempts to effect production through general advice * * * but without definite organization for the purpose had little effect * * *. Experience with stabilization thus demonstrated that no measure for improving the price of farm products other than increasing the demand of consumers can be effective over a period of years unless it provides a more definite control of production than has been achieved so far.

In other words, the program was unsound and as a result it failed.

The second effort to support prices of agricultural commodities was in the form of the Agricultural Adjustment Act of 1933, the old triple A. One of the basic requirements of that act was that in return for price supports farmers had to earn them by adjusting total production to market demand at such increased prices. It was clearly recognized in the law that prices could not be supported above a free market demand price without controlling production because the cost to the United States Treasury would be so great that the public would not stand for its continuation.

Later, as a result of failure to control production incentive price supports on potatoes, it cost the Federal Government in excess of $500 million on a total of only 2 million acres of potatoes in the entire United States. The unsoundness of this program caused the public to revolt with the ultimate effect being the repudiation of price support on potatoes by the Congress. The story of eggs is quite similar. There was no means of controlling production and as a result the program broke down. The continuation of rigid 90-percent price supports violates the fundamental principle of keeping supplies in line with demand.

Millions of acres have been shifted out of wheat and cotton into the production of barley, grain sorghum, soybeans, and other crops. Thus supply problems, instead of being solved, are being shifted from one group of crops to another, which is grossly unfair. Oftentimes producers of a basic crop maintain that they are willing to restrict production in order to obtain price support at 90 percent of parity. What they mean, in most cases, is that they are willing to divert acres out of the basic crop and into other uses in order to obtain price support on the basic crop. This does not face up to the problem.

With an acreage-control program, there probably is no way fully to control the shifting of supply problems from one crop to another. That being the case, price support should be kept at moderate levels so as to minimize the problem.

It is no accident that we have the largest amount of feed grain in the history of the country. Such plentiful supplies are bound to to increase the production of livestock products and weaken the market for beef, hogs, and dairy products. Accordingly, it is quite unfair to permit the producers of basic commodities to be eligible for price supports and at the same time shift the acreage out of price-supported crops into other crops.

2. Decrease markets

Rigid support decreases farmers' markets by lowering consumption. This is just exactly the opposite of what farmers need at this time. The most satisfactory solution to the current farm problem is to expand domestic and foreign markets until they balance agricultural production. It is sometimes argued that price has little to do with the consumption of agricultural products. Though we might decrease the price of wheat or cotton, it is said, no more bread or shirts would be purchased than before. There is enough truth to this statement to make it convincing, and enough untruth to make it dangerous. In the case of many agricultural products, such as livestock and dairy products, fruits, and vegetables—by far the most important source of farm income—the statement that price has little to do with guiding production and consumption is completely untrue. It is true, however, that a lower price for wheat would not increase the domestic consumption of bread. But it would permit us to meet export competition and to move more wheat in the form of livestock feed. A lower price for cotton would permit us better to meet the competition of synthetic fibers. It would permit us to regain a part of the world cotton trade which has been lost to foreign countries with respect to whom we have held a price umbrella. The housewife chooses food on the basis of price. The foreign buyer of American export products is price-conscious. The textile trade selects its fibers partly on the basis of price. No more effective weapon can be used to drive customers away from our products than to price these products at levels which are out of line with other products or alternative sources of supply.

The price-support programs of this country have had the effect of making America a residual supplier of most price-supported commodities. Under these conditions subsidies are needed to bridge the price gap between the domestic and export market. To maintain any semblance of the export market for wheat we have had to pay export subsidies as high as 80 cents a bushel. As a matter of fact the average subsidy under the International Wheat Agreement for 1955 was 75 cents a bushel. During the 6 fiscal years from 1950 to 1955, inclusive, subsidies under the International Wheat Agreement and similar subsidies outside the International Wheat Agreement have amounted to over $800 million.

Pricing domestic products at 90 percent of parity draws imports to our shores as a magnet draws metal. These products are attracted out of their normal trade patterns, away from the legitimate recipients and to our already overburdened markets.

In order to keep costs down, embargoes, quotas, and import fees are needed. These unavoidable obstructions offend those nations whom we urgently need as friends.

If 90 percent of parity price support is voted, the Congress by that act establishes a restrictive foreign-trade policy for agricultural products. The producers of export crops as well as other farmers will inevitably pay for this error.

3. Retards needed adjustments

It is sometimes argued that since the legislation recommended by the President would permit price supports at 90 percent of parity for basic commodities, the supports might as well be fixed at 90 percent by law.

There is, however, a great difference.

The flexible program serves to keep in the foreground the fact that supplies must be held in line with demand in order for price supports to be at or near 90 percent of parity.

There are numerous unforeseen events which might occur.

The minimum acreage provisions for certain crops might be raised by law.

Acreage allotments and marketing quotas might not be invoked.

Yields might be extremely high.

Export markets might suddenly be diminished.

Domestic outlets might be curtailed.

If supplies pile up as a consequence of such circumstances, it is important that there be an opportunity for lowering the support price to encourage consumption, to reduce the incentive for high production, and to encourage desired shifts in the pattern of production.

Mandatory price support at 90 percent of parity does not permit these needed adjustments.

4. Assists competitors

The efficient wheat-producing farmers that were in business in 1940 have watched with growing concern the shifting of the right to produce wheat from themselves to other farmers here in the United States as well as in foreign countries. The western Kansas wheat farmer along with the wheat farmers in Texas, Oklahoma, Nebraska, South Dakota, North Dakota, and the other great wheat-growing States have seen thousands of acres of additional land in the old Dust Bowl area of southwest Kansas, northwest Texas, northwest Oklahoma, and southeast Colorado returned to wheat in violation of the principles of effective soil conservation. They have also seen the less efficient wheat-farming areas of the country that are better adapted to other types of farming, shift to the production of wheat. For example, they have seen Michigan expand wheat and go out of the production of dry edible beans because the production of wheat for the Government was a more profitable venture. Now that we have such a tremendous surplus supply of wheat, which is destroying market prices and threatening to overwhelm the farm program in a manner similar to the way it destroyed the old Federal Farm Board, serious cuts in production are being called for. The new areas are claiming their right to produce wheat and the efficient producers in the old areas are being cut drastically. For the most part, the efficient wheat-producing areas can produce wheat better than anything else, yet the support program has built up such surpluses that they are being deprived of their right to produce while other areas which could more efficiently produce alternative crops are staying in the production of wheat due to the high Government incentive prices. The efficient western Kansas wheat farmer along with the efficient wheat-producing farmers in other States also see that the price-support program has encouraged the Canadian, Argentinian, Australian, Turkish, and other wheat farmers of the world to plunge into the production of wheat in competition with him, knowing that the wheat of the United States farmers will be the last to find its way into the world markets. The cotton producer who is looking at the facts is also aware of both domestic and foreign competition which is being aided by the rigid 90-percent price supports. Since 1930 synthetic consumption in the world has increased from the equivalent of 1 million bales of cotton to 13 million bales. Before 1933 America produced more cotton than all the rest of the world. This situation is no longer true today.

In fact, while we have reduced acreage through Government control programs from around 26 million acres to around 17 million acres, the rest of the world has increased the planting of cotton by more than 22 million acres.

Blind adherence to rigid price supports, without regard to the effect upon markets has destroyed the major portion of America's foreign market for cotton.

This market can now only be laboriously recovered by realistically adjusting price supports in order to meet competition in price, quality, and promotion.

5. Lowers net income

With price supports at 90 percent of parity and controls strictly applied, the volume of agricultural production must be sharply curtailed. Net income, not price alone, is the concern of agriculture. Net income is affected by volume and by costs as well as price Restricting output often raises the cost per unit of production, and of course reduces the number of units sold. Thus, while price may be enhanced by the strict controls necessary to obtain 90 percent of parity, it does not necessarily follow that net farm income increases. As a matter of fact the evidence is quite clear that it decreases.

6. Decreases our freedom of choice

Through marketing quotas, farmers are in effect restricted in the use of their agricultural facilities as their best judgment dictates. Drastic restrictions in production also sharply restrict activity in related agricultural industry. Each step we take toward making farmers dependent upon government lessens their independence and takes the entire country one step closer to a type of government that our forefathers tried to avoid when they set up a limited government.

RIGID PRICE SUPPORTS INJURE CONSUMERS

By holding commodities off the market permanently and making them artificially scarce, as contrasted to helping farmers market their products, rigid supports increase the cost of food to consumers. The most striking example is butter. When price supports were lowered by the Secretary of Agriculture from 90 to 75 percent of parity, a corresponding price decrease occurred in the market place. As a result consumption of dairy products increased about 7 percent.

While the detailed facts may be hidden from view, many of the farmers' customers "know that something is wrong" and they do not like it. The general public became resentful about the potato and egg programs which resulted in the Government removing price supports on these commodities. The general situation with respect to wheat and other commodities is causing similar resentment. Unconsciously the general public understands that if land, labor, and equipment is being used to produce commodities which are not being sold, that someone is paying for this waste. They suspect that somehow they are being unfairly treated. There isn't any question but what consumers ultimately have to pay for using resources to produce what consumers do not want.

The public generally, as well as the farmers, are aware of the fact that the public debt is straining at the $275 billion limitation and that rigid price supports have helped contribute to this burden. The reality of taxation and the burden of the public debt cannot be explained away to the taxpayer by failing to look at all of the costs. While it is true that the Commodity Credit Corporation has only recorded losses of about $2¾ billion on the program that it calls price support, it is only fair to point out that billions of dollars have been spent for surplus removal programs, acreage allotment and marketing quota programs, none of which would have been carried out except for the problems created by price supports. The Department of Agriculture has submitted facts which make it abundantly clear that rather than the true cost of price support being a billion dollars, that it is many, many times this figure. However, this is not the most important issue. The real question is, Have rigid supports worked? Obviously they have not worked and we are not getting full value for the money spent.

SURPLUS DISPOSAL

The Federal Government has billions of dollars worth of surpluses on hand.

The Government is trying to dispose of its stocks without destroying the market or incur the wrath of friendly foreign nations. This is not easy.

It is trying to dispose of them by—

First, sales for dollars in cash.

Second, sales on credit for dollars.

Third, sales for foreign currencies. (Under this program the foreign currencies are being reloaned to the foreign country at very reasonable rates. In many instances, these currencies are being given to the foreign country for economic development.)

Fourth, exchanges for other commodities (barter).

Fifth, gifts to schools for school lunches.

Sixth, gifts for domestic charitable institutions.

Seventh, gifts to friendly foreign countries.

Eighth, gifts to domestic charitable organizations for gifts to foreign peoples (CARE, etc.).

Despite all of these activities, surpluses are continuing to build up in the hands of the Federal Government at a much greater rate than the rate of disposal. It is correct to say that the Government is finding it extremely difficult to even give away stocks at a faster rate than they are accumulating. Yet some people in the face of such facts say we do not have surpluses.

DUAL PARITY

Section 106 extends into the indefinite future the provision that for basic commodities the effective parity is the old or new parity price whichever is higher. Such a provision was in effect from 1950 through 1955.

Prior to the adoption of the new parity definition which became effective in 1950, parity prices were sharply criticized because they retained the same pattern of price relationships that existed in 1910–14. One of the major reasons for adopting the new parity formula was to bring and to keep the pattern of price relationships more nearly up to date.

When the new formula increased parity prices, it went into full effect immediately.

To avoid any sharp decline in the parity prices of individual commodities the law provided that the decline in the parity price of any commodity could not exceed 5 percent of the old parity price in any 1 year. This provision was effective for nonbasic commodities beginning in 1950. The Agricultural Act of 1954 provided for a similar transitional provision to become effective on basic commodities in 1956.

The effect of continuing the use of old or new parity, whichever is higher, for basic commodities is acceptance of the new parity formula when it results in a higher parity price and rejection when it results in a lower parity price. This is more generous treatment for basic commodities than for the nonbasic. Furthermore, it is another effort to maintain a rigid support price for the commodities which are already in the most serious trouble as a result of rigid support prices.

Making the parity price the result of whichever of two alternative calculations gives the higher answer raises serious questions about the whole parity concept. If the new parity formula is an improvement over the old formula, and we think it is, it should be accepted for all commodities. If it is not an improvement it should be rejected for all commodities.

RIGID 90 PERCENT SUPPORTS ARE A FAILURE

The facts are well known to farmers, consumers, taxpayers and the Congress.

Rigid price support amounts to a price ceiling at the support level, misdirects the use of agricultural resources by maintaining an excess output, prohibits the proper flow of commodities into consumption, attracts additional imports of commodities in surplus, prices American products out of the world market, injures the income of farmers, injures consumers, and is therefore against the best interests of the country generally.

The Senate should reject the proposal for rigid 90 percent price supports for wheat, cotton, corn, and peanuts for 1956 and 1957 as well as reject the proposal for continuing the dual parity standard of requiring old parity for any so-called basic commodity if it is higher than modernized parity.

Those subscribing to the above minority views are as follows:

SPESSARD L. HOLLAND.
CLINTON P. ANDERSON.
GEORGE D. AIKEN.
BOURKE B. HICKENLOOPER.
JOHN J. WILLIAMS.

APPENDIX A

AGRICULTURAL DEVELOPMENTS

(Part IV of Appendix B of the Economic Report of the President, Jan. 24, 1956)

OUTPUT AND STOCKS

Total farm output set a new record in 1955—about 3 percent more than in 1954 and 12 percent more than in 1950. For most major categories of farm commodities, previous records were approached or exceeded (chart 1).

Output of all livestock and livestock products rose by nearly 3 percent during the year, largely as a result of the 4-percent increase over previous high figures for meat animals while production of poultry and dairy products continued at record levels. Sharply increased pork production and unprecedented beef production furnished meat supplies of 161 pounds per capita, the highest since 1908.

Output of all crops in 1955 closely approached the all-time high of 1948, despite instances of severe weather damage in several areas and acreage restrictions on the six "basic" crops. Feed grain output was nearly 6 percent higher than in 1954, and second only to 1948. Hay and forage production rose more than 5 percent and was close to the record set in 1942. Output of oil-bearing crops was 10 percent above the previous record level of 1954. Though planted acreage in cotton was 12 percent less than in the previous year, total output increased by 7 percent because of record-breaking yields. Production of food grains was reduced from that in the previous year by smaller acreage allotments on wheat and rice, but the acreage reduction was partially offset by higher yields.

The 1955 crops were produced on about the same total acreage of cropland used in 1954. The index of crop production per acre reached a new high, 5 percent above 1954 and 1 percent above 1948. The man-hours of labor used for farmwork continued the more or less steady decline that had begun in 1919. The 1955 figure was about the same as in 1954 and 39 percent below the 1918 peak. Output per man-hour continued the rise that has been so pronounced since the beginning of World War II; the index reached 130 percent of the 1947–49 average in 1955, an increase of 16 percent since 1950 and 88 percent since 1940.

These summary figures reflect the rapid changes in our commercial agriculture during the last two decades. Increased use of machinery to replace human labor and horses, increased use of fertilizer, widespread adoption of many new production techniques, and increasing farm size which facilitates adoption of these more efficient methods have all contributed to the rapid rise in output (chart 2).

At the beginning of the crop year stocks of most major farm commodities were unusually high, and the bulk of the carryover of most price-supported commodities was held by the CCC (chart 3). Production in 1955 again exceeded market demand at current prices, and CCC inventories and commitments for loans outstanding reached the record level of $8.2 billion on November 30, 1955. World supplies of many agricultural products are at all-time highs, and surpluses of cotton and wheat are particularly large.

FARM PRICE MOVEMENTS

Average prices received by farmers for all products remained fairly stable in the first half of the year, slightly above the level of the last months of 1954. In mid-1955 the impact of the near-record harvest began to be felt, and the index of prices received by farmers declined in almost every month from June through December. On December 15, 1955, the index of prices received was 7 percent below that of a year earlier (chart 4).

CHART 1

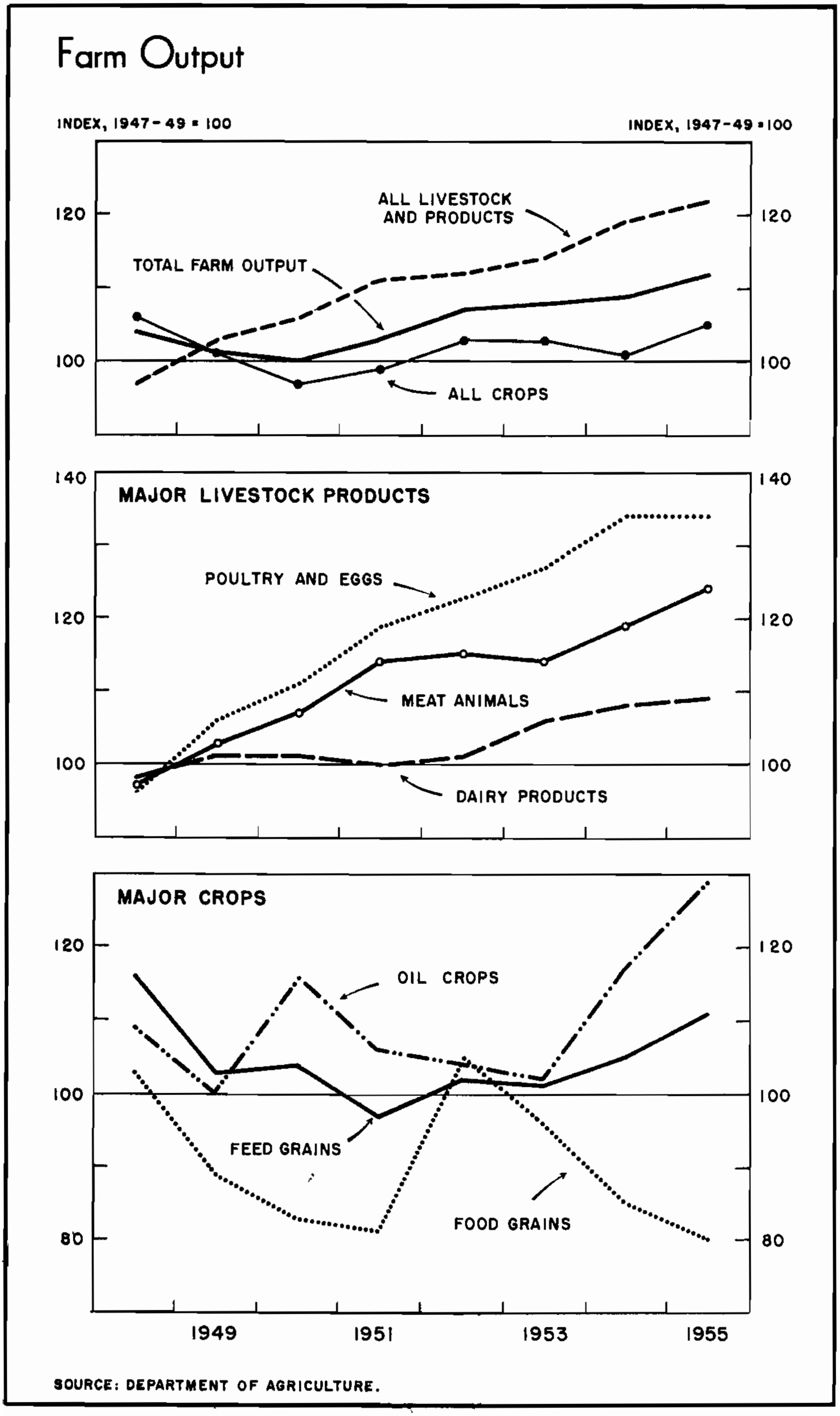

Farm Output
INDEX, 1947-49 = 100
INDEX, 1947-49 = 100
ALL LIVESTOCK AND PRODUCTS
TOTAL FARM OUTPUT
ALL CROPS
120
100
MAJOR LIVESTOCK PRODUCTS
POULTRY AND EGGS
MEAT ANIMALS
DAIRY PRODUCTS
140
120
100
MAJOR CROPS
OIL CROPS
FEED GRAINS
FOOD GRAINS
120
100
80
1949
1951
1953
1955
SOURCE: DEPARTMENT OF AGRICULTURE.

CHART 2

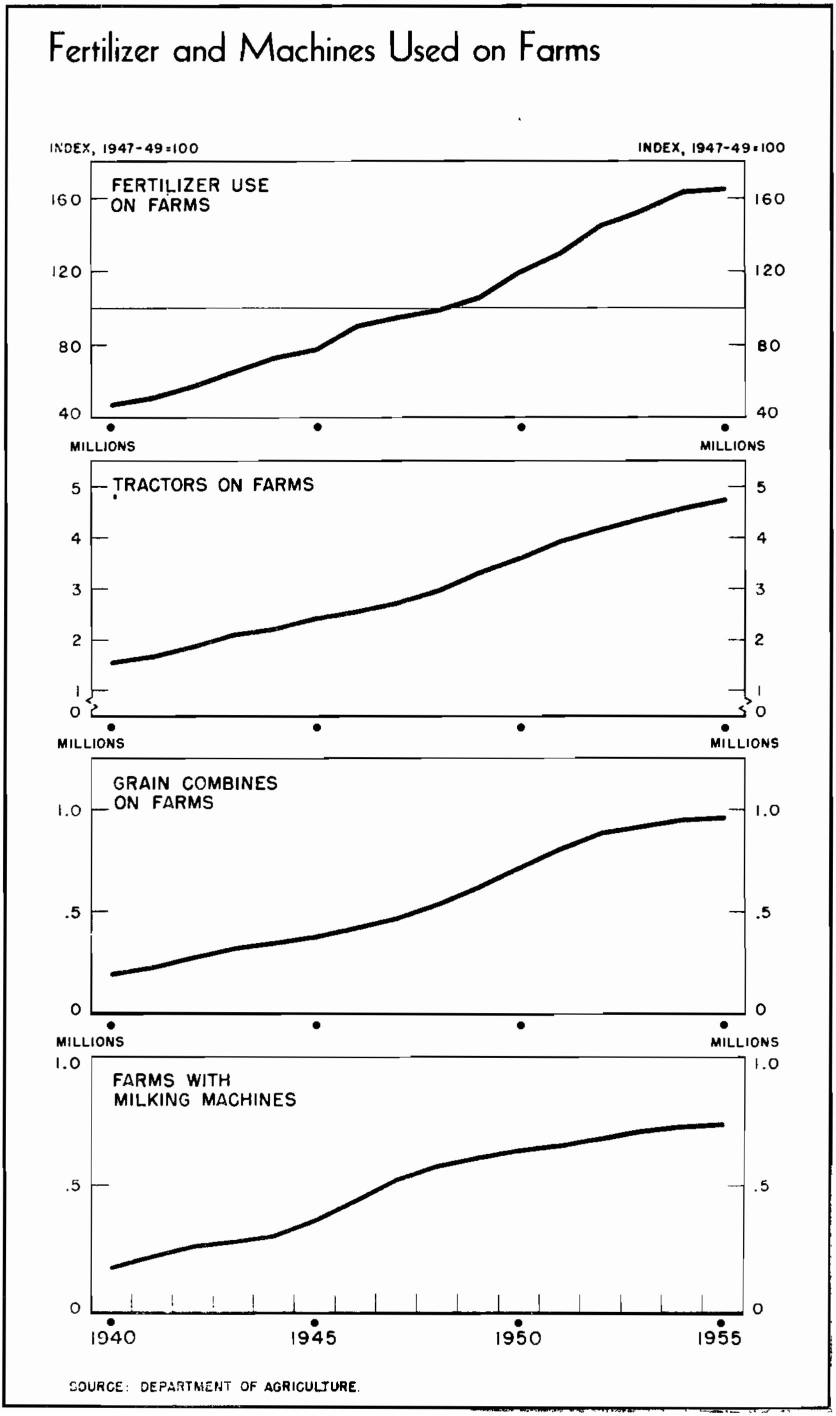
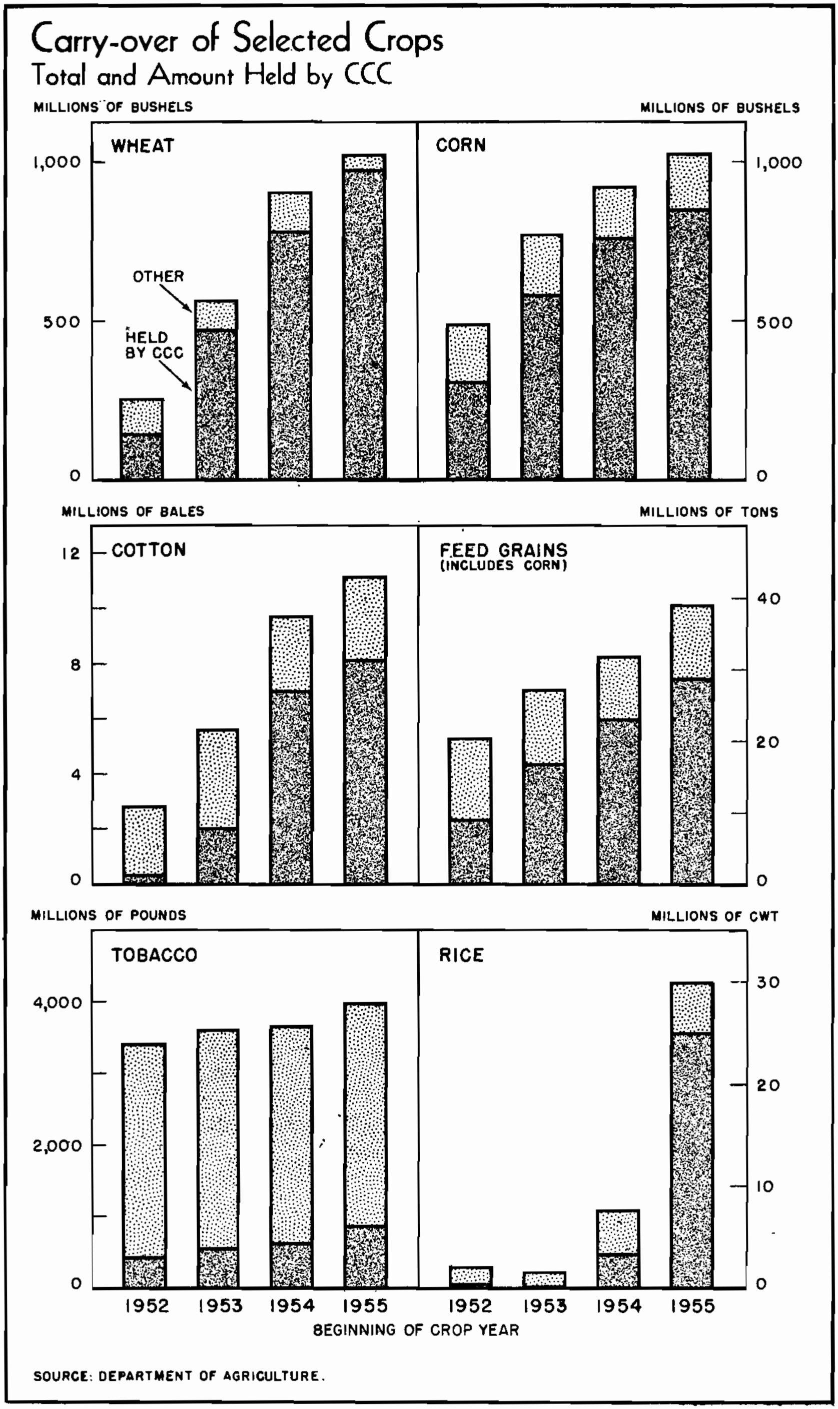
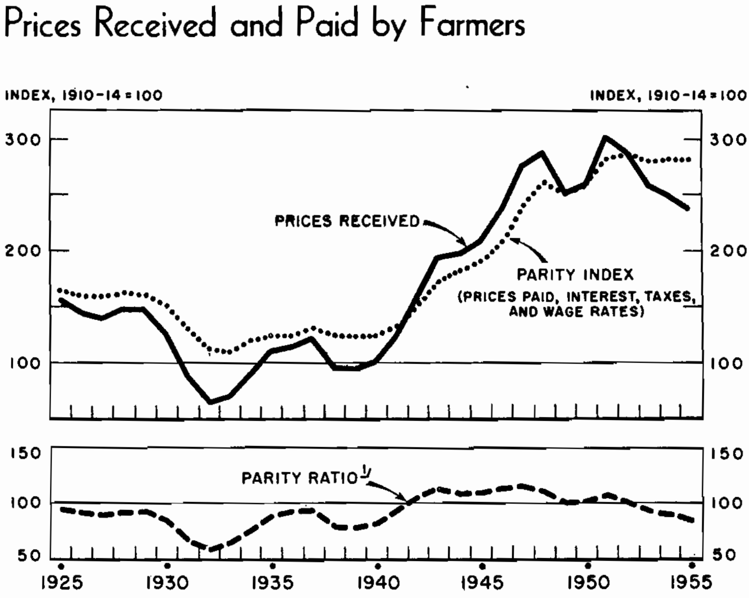

Fertilizer and Machines Used on Farms
INDEX, 1947-49=100
INDEX, 1947-49=100
FERTILIZER USE
ON FARMS
160
120
80
40
MILLIONS
MILLIONS
TRACTORS ON FARMS
5
4
3
2
1
0
MILLIONS
MILLIONS
GRAIN COMBINES
ON FARMS
1.0
.5
0
MILLIONS
MILLIONS
FARMS WITH
MILKING MACHINES
1.0
.5
0
1940
1945
1950
1955
SOURCE: DEPARTMENT OF AGRICULTURE.

CHART 3



Carry-over of Selected Crops
Total and Amount Held by CCC
MILLIONS OF BUSHELS
MILLIONS OF BUSHELS
WHEAT
CORN
1,000
500
0
OTHER
HELD BY CCC
MILLIONS OF BALES
MILLIONS OF TONS
COTTON
FEED GRAINS (INCLUDES CORN)
12
8
4
40
20
MILLIONS OF POUNDS
MILLIONS OF CWT
TOBACCO
RICE
4,000
2,000
30
20
10
1952
1953
1954
1955
BEGINNING OF CROP YEAR
SOURCE: DEPARTMENT OF AGRICULTURE.

CHART 4



1/ PERCENTAGE RATIO OF INDEX OF PRICES RECEIVED TO PARITY INDEX.
SOURCE: DEPARTMENT OF AGRICULTURE.

The decline in the average conceals many divergent price movements. The December 1955 index of prices received for poultry and eggs was 32 percent higher than in December 1954, and prices received for dairy products, tobacco, and commercial vegetables were all slightly higher than a year earlier. The largest price declines were in products marked by high current output; and for some of these products, carryover stocks were already abnormally heavy. The December 1955 index of feed grain prices was 16 percent lower than the index in December 1954. Because of the record output, prices of oil-bearing crops decreased by 17 percent between December 15, 1954, and December 15, 1955; and the larger crop of potatoes resulted in sharply lower prices to potato producers. The index of prices received for meat animals was 21 percent lower on December 15 than a year earlier, largely because the average price of hogs had dropped by 38 percent.

The prices paid by farmers for commodities used in family living remained relatively stable during the year. Prices paid for items used in production declined slightly, primarily as a result of lower feed prices. In the last few months these declines were partially offset by increases in the prices paid for motor vehicles and farm machinery. The expansion of nonfarm employment opportunities contributed to a rise in farm wage rates, which at the end of the year were 3 percent higher than a year earlier and more than 5 times the average in the 1910–14 base period. The index of farm real-estate taxes rose by nearly 5 percent during 1955, and that for interest charges by 8 percent. The index of prices paid by farmers, interest rates, taxes, and wage rates are combined to form the parity index, which was at the same level at the end of 1955 as a year earlier.

Since the parity index remained unchanged while the index of prices received decreased during 1955, the parity ratio declined (chart 4). The average for the year was 84, which was 6 percent below the 1954 average. On December 15, 1955, the parity ratio was 80, or 7 percent less than the figure for a year earlier.

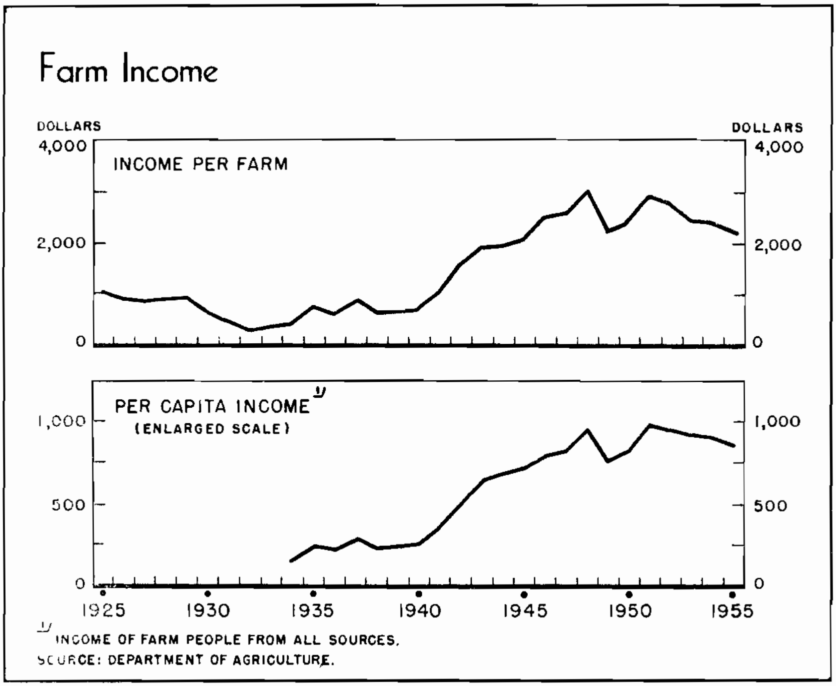
FARM INCOME

The increased sales of farm products during the year were not enough to offset the fall in farm prices, and net farm income declined. Realized net farm income of farm operators in 1955 is now estimated at 10.6 billion dollars, a decrease of 10 percent from 1954.

The number of farms continued to decline as existing farms were enlarged to improve efficiency, but net income per farm dropped by about 9 percent. As the economy expanded and nonfarm demands for labor increased, farm people earned more from nonfarm sources, but preliminary indications point to a 6 percent decline in per capita income of farm people from all sources (chart 5).

Nevertheless, many farmers received higher incomes in 1955 than in 1954. Estimates of the Department of Agriculture made for four types of commercial farms indicate that for some farms 1955 was a much better year than 1954. Cotton farmers in the southern Piedmont region, with unusually high yields for this price-supported crop, found their net incomes increased substantially. For dairy farms in the Central Northeast, the higher milk output when prices were stable and feed costs somewhat lower resulted in slightly higher incomes. After very low yields in 1954, wheat-small grain-livestock farms in the Northern Plains generally experiences improved yields in 1955, which raised their income. On the other hand, hog-dairy producers in the Corn Belt found their incomes sharply reduced by lower hog prices which were only partially offset by larger marketings. In the western Corn Belt many producers suffered from a combination of severe drought and low hog prices.

CHART 5



There were also important regional differences in the changes in farm income in 1955 (table 1). Realized net income in New England, the Middle Atlantic States, and the Pacific States averaged approximately the same as in 1954; in the South Atlantic and East South Central regions, it was higher in 1955 than in 1954; and in the West South Central, the East North Central, the West North Central, and the Mountain regions it declined—the decline in the last 3 regions amounting to 20 percent or more. Variations in weather, yields, and individual commodity prices account for most of these variations between regions. Such variations are not unusual in agriculture, and statistics showing total United States farm income often obscure important regional divergences.

TABLE 1.—*Realized net income of farm operators, by regions, 1954–55*

Region	1954	1955 [1]	Percentage change, 1954 to 1955 [1]
	Millions of dollars		
United States total	11,814	10,576	−10
New England	200	197	−2
Middle Atlantic	497	497	0
East North Central	2,266	1,770	−22
West North Central	2,795	2,223	−20
South Atlantic	1,604	1,687	+5
East South Central	1,159	1,229	+6
West South Central	1,408	1,264	−10
Mountain	723	565	−22
Pacific	1,162	1,144	−2

[1] Preliminary.

Source: Department of Agriculture.

AGRICULTURAL FINANCES

Farm prices and incomes generally declined during the year, and both farm mortgage debt and nonmortgage debt rose. Yet total farm asset values and owners' equities in these assets increased, chiefly because the value of farm real estate continued to rise.

Average values of farm real estate on November 1, 1955, were 6 percent higher than a year earlier, and above the peak that had been reached in 1952. There were new record values in nearly half of the States. This strength of farm real estate prices is unusual in the light of the trend in farm prices and incomes and of past relationships. The demand for farm real estate arises in part from the desire of farm operators to enlarge existing farms in order to utilize labor and machines more efficiently. Sales to farm operators accounted for an increasing proportion of farm sales in 1955.

Farm real-estate debt increased by an estimated 10 percent during 1955. It was to be expected that, as land prices moved upward and increasing numbers of younger operators entered farming, farm mortgage debt would rise from its very low level at the end of World War II. However, in historical perspective the present ratio of mortgage debt to real-estate value is low (table 2). The rate of farm foreclosures increased slightly during the year ended March 1, 1955; but it was still below that in any year prior to 1944, only one-ninth of the average for 1925–29 and one-fourteenth of the 1930–34 average. Preliminary indications suggest little change in this rate in 1955.

TABLE 2.—*Value of farm real estate and real estate debt, 1920–55*

End of year [1]	Value of farm real estate [2]	Real estate debt	Real estate debt as percent of value	Foreclosure rate per 1,000 farms
	Billions of dollars			
1920	61.5	10.2	16.6	3.2
1921	54.0	10.7	19.8	4.0
1922	52.7	10.8	20.5	6.6
1923	50.5	10.7	21.2	11.7
1924	49.5	9.9	20.0	14.6
1925	48.7	9.7	19.9	16.7
1926	47.7	9.7	20.2	17.4
1927	47.6	9.8	20.5	18.2
1928	48.0	9.8	20.3	17.6
1929	47.9	9.6	20.1	14.8
1930	43.6	9.4	21.6	15.7
1931	37.1	9.1	24.5	18.7
1932	30.6	8.5	27.7	28.4
1933	31.9	7.7	24.1	38.8
1934	33.1	7.6	22.9	28.0
1935	34.0	7.4	21.8	21.0
1936	35.1	7.2	20.4	20.3
1937	35.0	7.0	19.9	18.1
1938	34.0	6.8	19.9	14.3
1939	33.6	6.6	19.6	13.5
1940	34.6	6.5	18.8	12.6
1941	37.9	6.4	16.8	10.5
1942	42.1	6.0	14.1	6.2
1943	48.8	5.4	11.1	4.4
1944	54.8	4.9	9.0	3.1
1945	61.8	4.8	7.7	1.9
1946	69.6	4.9	7.0	1.5
1947	73.9	5.1	6.9	1.1
1948	76.8	5.3	6.9	1.0
1949	75.3	5.6	7.4	1.2
1950	85.8	6.1	7.1	1.4
1951	93.7	6.6	7.0	1.5
1952	92.7	7.2	7.7	1.5
1953	89.1	7.7	8.6	1.2
1954	91.4	8.2	8.9	1.7
1955 [3]	97.0	9.0	9.3	1.9

[1] Foreclosures are for year ended Mar. 1.
[2] Figures for 1950–55 will be revised upward in line with the 1954 Census of Agriculture.
[3] Preliminary.

Source: Department of Agriculture.

Farmers' financial assets changed very little during the year, Non-real-estate debt rose about 8 percent, but the rise in real-estate values was more than enough to offset total debt increases. Owners' equities rose about 3 percent.

Source: Economic Report of the President, January 1956.

INDIVIDUAL VIEWS OF SENATOR SCHOEPPEL

I concur very generally with this minority report, but I have some reservations with respect to that part of the report which pertains to dual parity.

ANDREW F. SCHOEPPEL,
United States Senator.

INDIVIDUAL VIEWS OF SENATOR HICKENLOOPER

While I subscribe to the views expressed in the minority report, I feel it necessary to submit these additional views so that my position may be clearly understood.

CORN

Title II, setting forth the provisions of the Soil Bank Act, is entirely unsatisfactory as far as corn farmers are concerned. As matters stand now, the soil bank will fail in its primary purpose of balancing supply with demand unless it is amended to take into account the vast resources of the Midwestern Corn Belt. By far the most productive food area in the country is located in the area known as the Corn Belt, which includes Iowa and parts of Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

From 1953 to 1955 approximately 17 million acres of land have been taken out of wheat and cotton and shifted into the production of other crops, mainly, oats, barley, and grain sorghums. The United States Department of Agriculture estimates that, in terms of feeding value equivalent to corn, the production in 1954 and 1955 on these diverted acres of oats, barley, and grain sorghums amounts to over 800 million bushels. Livestock producers mainly outside the commercial corn area have been using oats, barley, and grain sorghums in place of corn as feed. Thus corn stocks have skyrocketed to the highest point in history. The formula in the production-adjustment laws for determining the acreage of corn has forced allotments down from approximately 57 million planted acres to approximately 50 million in 1955, and now for 1956 down to only approximately 43 million acres. Congress has permitted wheat and cotton growers to obtain the benefits of price support and still at the same time shift their problems to the regular feed grain producers. Not only has this been unfair to producers in the Corn Belt but it has also been unfair to the traditional producers of oats, barley, and grain sorghums. Regular corn farmers have contributed very little to the problem, since most of them have disregarded price supports and continued to plant what was economically sound on their own farms and have taken their chances on what the free market would pay them for their corn. As a matter of fact, about 60 percent of the corn produced last year throughout the entire Corn Belt was produced without regard to price support. There has not been an increase in acreage of corn in the traditional Corn Belt area.

Now, the soil bank program in the bill is drafted in such a manner as to say that corn farmers must cut from approximately 57 million acres of corn to approximately 43 million acres before they can even come into compliance and be eligible to begin to participate in earning payments under the Soil Bank Act. Of course, corn farmers would repudiate such a program by not participating in it. The net effect would be to freeze out over 50 percent of the productivity of the farms of America from participating in the soil bank. This is the area of the country where the soil-bank plan originated. It is the area of the country that can contribute the most to balancing supply with demand.

Since corn farmers are generally not relying on price support there should not be a requirement that acreage allotments for corn be continued. In order to make the soil bank effective in the Midwest, corn allotments should be suspended for 1956 and corn farmers required to put a percentage of soil-depleted land equal to say 10 or 15 percent of the acreage planted to price-supported crops in 1956 in the bank as a condition of eligibility for price support. This would be in lieu of the present requirement that they comply with acreage allotments to qualify for price support. The Secretary of Agriculture has already announced for 1956, in accordance with the law, a price support level of 81 percent of parity. This approach would make it possible for commercial area corn farmers to participate in the soil-bank program on a widespread basis. Consequently it would do far more to bring about a reduction in our present excessive supply of feed grains than would a continuation of corn allotments. Corn producers putting land in the soil bank for a single year to qualify for price support should receive no additional compensations beyond agricultural conservation practice payments for practices actually performed. Producers agreeing to leave land in the soil bank for 3 years or more should be eligible for annual payments in cash or in kind comparable to those made on other land placed in the acreage reserve. In addition, corn farmers should be allowed to participate in the conservation reserve once they meet the requirements of eligibility for price support.

I further propose that the commercial area corn producers be allowed to vote in a referendum to be conducted late this fall on the question of whether or not they desire to return to the present program of acreage allotments and mandatory price supports at 75 to 90 percent of parity or whether, on the basis of this year's experience, they desire to go forward with a program of no acreage allotments with the right to qualify for price support by participating in the soil-bank program and with the level of price support to be determined on the basis of preventing undue fluctuations in corn prices without encouraging uneconomic production.

The following table gives a detailed picture of acreage planted in the commercial area which is subject to quotas and the noncommercial area as well as allotments, yield, production, and other data.

Corn: Acreage, yield, production, and allotment statistics, 1953–56

	1953	1954	1955	1956
Commercial area (number of counties)	------------	834	805	840
Allotment	None	46, 996	49, 843	43, 281
Planted acres:				
Commercial area	[1] (56, 342)	56, 861	56, 047	------------
Noncommercial area	[1] (25, 388)	25, 548	25, 530	------------
Total	81, 730	82, 409	81, 577	------------
Yield:				
Commercial area	[1] (45. 7)	43. 7	43. 7	------------
Noncommercial area	[1] (24. 3)	20. 5	28. 8	------------
United States	39. 1	36. 5	39. 0	------------
Production:				
Commercial area	[1] (2, 575)	2, 487	2, 449	------------
Noncommercial area	[1] (617)	523	736	------------
Total	3, 192	3, 010	3, 185	------------

[1] Basis 1955 commercial area.

BOURKE B. HICKENLOOPER.

INDIVIDUAL VIEWS OF SENATOR EASTLAND

I am for a program under which farmers will get the highest possible price for what they produce, the highest possible net income, and which will afford them a high degree of prosperity. This means there must be a price which will move farm products into consumption and which will permit an acreage great enough to assure a sound and prosperous agricultural economy.

However, price alone does not constitute a farm program. As a result of our pricing policy and because we have had no export program an umbrella has been held over the production of synthetic fibers and has caused a very great expansion in foreign cotton production. We have attempted to meet this situation by acreage reduction in the United States. In fact, the American cotton farmer has been the only farmer who has reduced his acreage. This system will not work and the acreage reductions which have been imposed as a consequence, with the additional acreage reductions which are sure to follow in the future will destroy the American cotton-growing industry. In fact, the parity income of the American cotton farmer is pitifully low.

American cotton must be placed in a better competitive position with rayon and other synthetic fibers. In addition, the American cotton farmer needs the help of the Government in liquidating the huge surplus of cotton and in recapturing foreign markets. We must, in the future, guard against a system which is certain to make cotton so noncompetitive that we will again lose our markets and cause a return to the present conditions which confront us. There is no substitute for markets. In fact, the prosperity of the American cotton industry depends upon sound markets. This is what we must strive to accomplish.

In my judgment, with an export program, the small farmer minimum acreage amendment, and the soil-bank provisions of the bill, the American cotton farmer will be better off than with the provision which will reinstate 90 percent support prices in the next 2 years. In fact, these provisions will liquidate the surplus and will, in time, bring relief to the American cotton farmer.

James O. Eastland.