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**Conference Report to Accompany  
Agricultural Adjustment Act of 1938  
H.R. Rep. No. 75-1767 (3d Sess., 1938)**

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## AGRICULTURAL ADJUSTMENT ACT OF 1938

FEBRUARY 7, 1938.—Ordered to be printed

Mr. JONES, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H. R. 8505]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*That this Act may be cited as the "Agricultural Adjustment Act of 1938".*

#### DECLARATION OF POLICY

*SEC. 2. It is hereby declared to be the policy of Congress to continue the Soil Conservation and Domestic Allotment Act, as amended, for the purpose of conserving national resources, preventing the wasteful use of soil fertility, and of preserving, maintaining, and rebuilding the farm and ranch land resources in the national public interest; to accomplish these purposes through the encouragement of soil-building and soil-conserving crops and practices; to assist in the marketing of agricultural commodities for domestic consumption and for export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices.*

## TITLE I—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

## POWERS UNDER SOIL-CONSERVATION PROGRAM

SEC. 101. Section 8 (b) and (c) of the Soil Conservation and Domestic Allotment Act, as amended, are amended to read as follows:

“(b) Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), (4), and (5) of section 7 (a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic consumption; or (4) their equitable share, as determined by the Secretary, of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (a); or (5) any combination of the above. In arid or semiarid sections, (1) and (2) above shall be construed to cover water conservation and the beneficial use of water on individual farms, including measures to prevent run-off, the building of check dams and ponds, and providing facilities for applying water to the land. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In carrying out the provisions of this section in the continental United States, the Secretary is directed to utilize the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs under this section. No such local area shall include more than one county or parts of different counties. Farmers within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee of not more than three members for such area and shall also elect annually from among their number a delegate to a county convention for the election of a county committee. The delegates from the various local areas in the county shall, in a county convention, elect, annually, the county committee for the county which shall consist of three members who are farmers in the county. The local committee shall select a secretary and may utilize the county agricultural extension agent for such purpose. The county committee shall select a secretary who may be the county agricultural extension agent. If such county agricultural extension agent shall not have been elected secretary of such committee, he shall be *ex officio* a member of the county committee. The county agricultural extension agent shall not have the power to vote. In any county in which there is only one local committee the local committee shall also be the county committee. In each State there shall be a State committee for the State composed of not less than three or more than five

farmers who are legal residents of the State and who are appointed by the Secretary. The State director of the Agricultural Extension Service shall be ex officio a member of such State committee. The ex officio members of the county and State committees shall be in addition to the number of members of such committees hereinbefore specified. The Secretary shall make such regulations as are necessary relating to the selection and exercise of the functions of the respective committees, and to the administration, through such committees, of such programs. In carrying out the provisions of this section, the Secretary—shall, as far as practicable, protect the interests of tenants and sharecroppers; is authorized to utilize the agricultural extension service and other approved agencies; shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing Acts of Congress and as will tend to promote efficient methods of marketing and distribution; shall not have power to acquire any land or any right or interest therein; shall, in every practicable manner, protect the interests of small producers; and shall in every practical way encourage and provide for soil-conserving and soil-rebuilding practices rather than the growing of soil-depleting crops. Rules and regulations governing payments or grants under this subsection shall be as simple and direct as possible, and, wherever practicable, they shall be classified on two bases: (a) Soil-depleting crops and practices, (b) soil-building crops and practices.

“(c) (1) In apportioning acreage allotments under this section in the case of wheat and corn, the National and State allotments and the allotments to counties shall be apportioned annually on the basis of the acreage seeded for the production of the commodity during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period.

“(2) In the case of wheat, the allotment to any county shall be apportioned annually by the Secretary, through the local committees, among the farms within such county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made.

“(3) In the case of corn, the allotment to any county shall be apportioned annually by the Secretary, through the local committees, among the farms within such county on the basis of tillable acreage, type of soil, topography, and crop-rotation practices.

“(4) Notwithstanding any other provision of this subsection, if, for any reason other than flood or drought, the acreage of wheat, cotton, corn, or rice planted on the farm is less than 80 per centum of the farm acreage allotment for such commodity for the purpose of payment, such farm acreage allotment shall be 25 per centum in excess of such planted acreage.

“(5) In determining normal yield per acre on any farm under this section in the case of wheat or corn, the normal yield shall be the average yield per acre thereon for such commodity during the ten calendar years immediately preceding the calendar year in which such yield is determined, adjusted for abnormal weather conditions and trends in yields. If for any reason there is no actual yield, or the data therefor are not

available for any year, then an appraised yield for such year, determined in accordance with regulations of the Secretary, shall be used. If, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period is less than 75 per centum of the average (computed without regard to such year), such year shall be eliminated in calculating the normal yield per acre.

“(d) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a).

“Any payment made under subsection (b) with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be used for grazing purposes only) shall, if the number of cows kept on such farm, and in the county in which such farm is located, for the production of milk or products thereof (for market), exceeds the normal number of such cows, be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on an acreage equal to the land normally used for the production of soil-depleting crops but, as a condition of such payment, not permitted to be so used, shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. Whenever it is determined that a county, as a whole, is in substantial compliance with the provisions of this paragraph, no payment shall be denied any individual farmer in the county by reason of this paragraph; and no payment shall be denied a farmer by reason of this paragraph unless it has been determined that the farmer has not substantially complied with the provisions of this paragraph. Whenever the Secretary finds that by reason of drought, flood, or other disaster, a shortage of feed exists in any area, he shall so declare, and to the extent and for the period he finds necessary to relieve such shortage, the operation of the condition provided in this paragraph shall be suspended in such area and, if necessary to relieve such shortage, in other areas defined by him. As used in this paragraph, the term ‘for market’ means for disposition by sale, barter, or exchange, or by feeding (in any form) to dairy livestock which, or the products of which, are to be sold, bartered, or exchanged; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer’s family, employees, or household, or if fed to poultry or livestock other than dairy livestock on his farm; or if fed to dairy livestock on his farm and such dairy livestock, or the products thereof, are to be consumed by his family, employees, or household. Whenever the Secretary has reason to believe the income of producers of livestock (other than dairy cattle) or poultry in any area from such sources is being adversely affected by increases in the supply for market of such livestock or poultry, as the case may be, arising as a result of programs carried out under this Act, he shall make an investigation with respect to the existence of such facts. If, upon investigation, the Secretary finds that the income of producers of such livestock or poultry, as the case may be, in any area from any such source is being adversely affected by such increases he shall, as soon as practicable, make such provisions in the administration

of this Act with respect to the use of diverted acres as he may find necessary to protect the interests of producers of such livestock or poultry in the affected area."

**REDUCTIONS AND INCREASES IN PAYMENTS UNDER SOIL CONSERVATION PROGRAM**

**SEC. 102.** Section 8 of the Soil Conservation and Domestic Allotment Act, as amended, is further amended by adding a new subsection as follows:

"(e) Payments made by the Secretary to farmers under subsection (b) shall be divided among the landlords, tenants, and sharecroppers of any farm, with respect to which such payments are made, in the same proportion that such landlords, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are made, except that payments based on soil-building or soil-conserving practices shall be divided in proportion to the extent which such landlords, tenants, and sharecroppers contribute to the carrying out of such practices. Such payments shall be paid by the Secretary directly to the landlords, tenants, or sharecroppers entitled thereto, and shall be computed at rates which will permit the Secretary to set aside out of the funds available for the making of such payments for each year an amount sufficient to permit the increases herein specified to be made within the limits of the funds so available. If with respect to any farm the total payment to any person for any year would be:

"(1) Not more than \$20, the payment shall be increased by 40 per centum;

"(2) More than \$20 but not more than \$40, the payment shall be increased by \$8, plus 20 per centum of the excess over \$20;

"(3) More than \$40 but not more than \$60, the payment shall be increased by \$12, plus 10 per centum of the excess over \$40;

"(4) More than \$60 but not more than \$186, the payment shall be increased by \$14; or

"(5) More than \$186 but less than \$200, the payment shall be increased to \$200.

In the case of payments of more than \$1, the amount of the payment which shall be used to calculate the 40-, 20-, and 10-per-centum increases under clauses (1), (2), and (3) shall not include that part, if any, of the payment which is a fraction of a dollar.

"Beginning with the calendar year 1939, no total payment for any year to any person under such subsection (b) shall exceed \$10,000. In the case of payments made to any individual, partnership, or estate on account of performance on farms in different States, Territories, or possessions, the \$10,000 limitation shall apply to the total of the payments for each State, Territory, or possession, for a year and not to the total of all such payments."

**TENANT PROVISIONS**

**SEC. 103.** Section 8 of the Soil Conservation and Domestic Allotment Act, as amended, is further amended by adding the following new subsections:

"(f) Any change between the landlord and the tenants or sharecroppers, with respect to any farm, that would increase over the previous year the amount of payments or grants of other aid under subsection (b) that would

otherwise be made to any landlord shall not operate to increase such payment or grant to such landlord. Any reduction in the number of tenants below the average number of tenants on any farm during the preceding three years that would increase the payments or grants of other aid under such subsection that would otherwise be made to the landlord shall not hereafter operate to increase any such payment or grant to such landlord. Such limitations shall apply only if the county committee finds that the change or reduction is not justified and disapproves such change or reduction.

“(g) A payment which may be made to a farmer under this section, may be assigned, without discount, by him in writing as security for cash or advances to finance making a crop. Such assignment shall be acknowledged by the farmer before the county agricultural extension agent and filed with such agent. The farmer shall file with such county agricultural extension agent an affidavit stating that the assignment is not made to pay or secure any pre-existing indebtedness. This provision shall not authorize any suit against or impose any liability upon the Secretary or any disbursing agent if payment to the farmer is made without regard to the existence of any such assignment.”

#### APPORTIONMENT OF FUNDS

SEC. 104. Section 15 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by inserting at the end thereof the following new paragraph:

“The funds available for payments (after allowing for estimated administrative expenses, and not to exceed 5 per centum for payments with respect to range lands, noncrop pasture lands, and naval stores) shall be allocated among the commodities produced with respect to which payments or grants are to be computed. In allocating funds among the commodities the Secretary shall take into consideration and give equal weight to (1) the average acreages planted to the various commodities (including rotation pasture), for the ten years 1928 to 1937, adjusted for abnormal weather and other conditions, including acreage diverted from production under the agricultural adjustment and soil conservation programs; (2) the value at parity prices of the production from the allotted acreages of the various commodities for the year with respect to which the payment is made; (3) the average acreage planted to the various commodities during the ten years 1928 to 1937, including the acreage diverted from production under the agricultural adjustment and soil conservation programs, in excess of the allotted acreage for the year with respect to which the payment is made; and (4) the value based on average prices for the preceding ten years of the production of the excess acreage determined under item (3). The rate of payment used in making payments to the producers of each commodity shall be such that the estimated payments with respect to such commodity shall equal the amount of funds allocated to such commodity as herein provided. For the purpose of allocating funds and computing payments or grants, the Secretary is authorized to consider as a commodity a group of commodities or a regional or market classification of a commodity. For the purpose of computing payments or grants, the Secretary is authorized to use funds allocated to two or more commodities produced on farms of a designated regional or other classification to compute payments with respect to one of such commodities on such farms, and to use funds, in an amount equal to the estimated payments which would be made in any

county, for making payments pursuant to a special program under section 8 approved by the Secretary for such county: Provided, That farm acreage allotments shall be made for wheat in 1938, but in determining compliance wheat shall be considered in the group with other crops for which special acreage allotments are not made."

#### EFFECTIVE TIME OF SECTIONS 101, 102, 103, AND 104

SEC. 105. The amendments made by sections 101, 102, 103, and 104 shall first be effective with respect to farming operations carried out in the calendar year 1938. Nothing contained herein shall require reconstituting, for 1938, any county or other local committee which has been constituted prior to February 1, 1938.

## TITLE II—ADJUSTMENT IN FREIGHT RATES, NEW USES AND MARKETS, AND DISPOSITION OF SURPLUSES

### ADJUSTMENTS IN FREIGHT RATES FOR FARM PRODUCTS

SEC. 201. (a) The Secretary of Agriculture is authorized to make complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, and to prosecute the same before the Commission. Before hearing or disposing of any complaint (filed by any person other than the Secretary) with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, the Commission shall cause the Secretary to be notified, and, upon application by the Secretary, shall permit the Secretary to appear and be heard.

(b) If such rate, charge, tariff, or practice complained of is one affecting the public interest, upon application by the Secretary, the Commission shall make the Secretary a party to the proceeding. In such case the Secretary shall have the rights of a party before the Commission and the rights of a party to invoke and pursue original and appellate judicial proceedings involving the Commission's determination. The liability of the Secretary in any such case shall extend only to liability for court costs.

(c) For the purposes of this section, the Interstate Commerce Commission is authorized to avail itself of the cooperation, records, services, and facilities of the Department of Agriculture.

(d) The Secretary is authorized to cooperate with and assist cooperative associations of farmers making complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products.

### NEW USES AND NEW MARKETS FOR FARM COMMODITIES

SEC. 202. (a) The Secretary is hereby authorized and directed to establish, equip, and maintain four regional research laboratories, one in each major farm producing area, and, at such laboratories, to conduct researches into and to develop new scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products and byproducts thereof. Such research and development shall be devoted primarily to those farm commodities in which there are regular or seasonal surpluses, and their products and byproducts.

(b) For the purposes of subsection (a), the Secretary is authorized to acquire land and interests therein, and to accept in the name of the United States donations of any property, real or personal, to any laboratory established pursuant to this section, and to utilize voluntary or uncompensated services at such laboratories. Donations to any one of such laboratories shall not be available for use by any other of such laboratories.

(c) In carrying out the purposes of subsection (a), the Secretary is authorized and directed to cooperate with other departments or agencies of the Federal Government, States, State agricultural experiment stations, and other State agencies and institutions, counties, municipalities, business or other organizations, corporations, associations, universities, scientific societies, and individuals, upon such terms and conditions as he may prescribe.

(d) To carry out the purposes of subsection (a), the Secretary is authorized to utilize in each fiscal year, beginning with the fiscal year beginning July 1, 1938, a sum not to exceed \$4,000,000 of the funds appropriated pursuant to section 391 of this Act, or section 15 of the Soil Conservation and Domestic Allotment Act, as amended, for such fiscal year. The Secretary shall allocate one-fourth of such sum annually to each of the four laboratories established pursuant to this section.

(e) The Secretary shall make a report to Congress at the beginning of each regular session of the activities of, expenditures by, and donations to the laboratories established pursuant to subsection (a).

(f) There is hereby allocated to the Secretary of Commerce for each fiscal year, beginning with the fiscal year beginning July 1, 1938, out of funds appropriated for such fiscal year pursuant to section 391 of this Act, or section 15 of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$1,000,000 to be expended for the promotion of the sale of farm commodities and products thereof in such manner as he shall direct. Of the sum allocated under this subsection to the Secretary of Commerce for the fiscal year beginning July 1, 1938, \$100,000 shall be devoted to making a survey and investigation of the cause or causes of the reduction in exports of agricultural commodities from the United States, in order to ascertain methods by which the sales in foreign countries of basic agricultural commodities produced in the United States may be increased.

(g) It shall be the duty of the Secretary to use available funds to stimulate and widen the use of all farm commodities in the United States and to increase in every practical way the flow of such commodities and the products thereof into the markets of the world.

SEC. 203. Section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, is amended by striking out "Provided further, That no part of the funds appropriated by this section shall be used for the payment of benefits in connection with the exportation of unmanufactured cotton", and is further amended by adding at the end thereof the following: "Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year."

## CONTINUATION OF FEDERAL SURPLUS COMMODITIES CORPORATION

SEC. 204. The Act entitled "An Act to extend the time for purchase and distribution of surplus agricultural commodities for relief purposes and to continue the Federal Surplus Commodities Corporation", approved June 28, 1937 (Public, Numbered 165, Seventy-fifth Congress), is amended by striking out "continued, until June 30, 1939," and inserting in lieu thereof "continued, until June 30, 1942,". The Federal Surplus Commodities Corporation shall submit to Congress on the first day of each regular session an annual report setting forth a statement of the activities, receipts, and expenditures of the Corporation during the previous fiscal year.

## TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, AND MARKETING QUOTAS

## SUBTITLE A—DEFINITIONS, LOANS, PARITY PAYMENTS, AND CONSUMER SAFEGUARDS

## DEFINITIONS

SEC. 301. (a) GENERAL DEFINITIONS.—For the purposes of this title and the declaration of policy—

(1) "Parity", as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in the case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914, and, in the case of tobacco, shall be the period August 1919 to July 1929.

(2) "Parity", as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914.

(3) The term "interstate and foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof; or within any Territory or within the District of Columbia or Puerto Rico.

(4) The term "affect interstate and foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

(5) The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

(6) The term "State" includes a Territory and the District of Columbia and Puerto Rico.

(7) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(8) The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State.

(9) The term "corn" means field corn.

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) (A) "Actual production" as applied to any acreage of corn means the number of bushels of corn which the local committee determines would be harvested as grain from such acreage if all the corn on such acreage were so harvested. In case of a disagreement between the farmer and the local committee as to the actual production of the acreage of corn on the farm, or in case the local committee determines that such actual production is substantially below normal, the local committee, in accordance with regulations of the Secretary, shall weigh representative samples of ear corn taken from the acreage involved, make proper deductions for moisture content, and determine the actual production of such acreage on the basis of such samples.

(B) "Actual production" of any number of acres of cotton on a farm means the actual average yield for the farm times such number of acres.

(2) "Bushel" means in the case of ear corn that amount of ear corn, including not to exceed 15½ per centum of moisture content, which weighs seventy pounds, and in the case of shelled corn, means that amount of shelled corn including not to exceed 15½ per centum of moisture content, which weighs fifty-six pounds.

(3) (A) "Carry-over", in the case of corn and rice, for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

(B) "Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand either within or without the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

(C) "Carry-over" of tobacco for any marketing year shall be the quantity of such tobacco on hand in the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 on hand and theretofore produced in the United States during such calendar year shall also be included.

(D) "Carry-over" of wheat, for any marketing year shall be the quantity of wheat on hand in the United States at the beginning of such marketing year, not including any wheat which was produced in the United States during the calendar year then current, and not including any wheat held by the Federal Crop Insurance Corporation under Title V.

(4) (A) "Commercial corn-producing area" shall include all counties in which the average production of corn (excluding corn used as silage) during the ten calendar years immediately preceding the calendar year for which such area is determined, after adjustment for abnormal weather conditions, is four hundred and fifty bushels or more per farm and four bushels or more for each acre of farm land in the county.

(B) Whenever prior to February 1 of any calendar year the Secretary has reason to believe that any county which is not included in the com-

mercial corn-producing area determined pursuant to the provisions of subparagraph (A), but which borders upon one of the counties in such area, or that any minor civil division in a county bordering on such area, is producing (excluding corn used for silage) an average of at least four hundred and fifty bushels of corn per farm and an average of at least four bushels for each acre of farm land in the county or in the minor civil division, as the case may be, he shall cause immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that such county or minor civil division is likely to produce corn in such average amounts during such calendar year, he shall proclaim such determination, and, commencing with such calendar year, such county shall be included in the commercial corn-producing area. In the case of a county included in the commercial corn-producing area pursuant to this subparagraph, whenever prior to February 1 of any calendar year the Secretary has reason to believe that facts justifying the inclusion of such county are not likely to exist in such calendar year, he shall cause an immediate investigation to be made with respect thereto. If, upon the basis of such investigation, the Secretary finds that such facts are not likely to exist in such calendar year, he shall proclaim such determination, and commencing with such calendar year, such county shall be excluded from the commercial corn-producing area.

(5) "Farm consumption" of corn means consumption by the farmer's family, employees, or household, or by his work stock; or consumption by poultry or livestock on his farm if such poultry or livestock, or the products thereof, are consumed or to be consumed by the farmer's family, employees, or household.

(6) (A) "Market", in the case of cotton, wheat, and tobacco, means to dispose of by sale, barter, or exchange, but, in the case of wheat, does not include disposing of wheat as premium to the Federal Crop Insurance Corporation under Title V.

(B) "Market", in the case of corn, means to dispose of by sale, barter, or exchange, or by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or to be so disposed of.

(C) "Market", in the case of rice, means to dispose of by sale, barter, or exchange of rice used or to be used for human consumption.

(D) "Marketed", "marketing", and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1–September 30;

Cotton, August 1–July 31;

Rice, August 1–July 31;

Tobacco (flue-cured), July 1–June 30;

Tobacco (other than flue-cured), October 1–September 30;

Wheat, July 1–June 30.

(8) "National average yield" as applied to cotton or wheat shall be the national average yield per acre of the commodity during the ten calendar years in the case of wheat, and during the five calendar years in the case of cotton, preceding the year in which such national average yield is used in any computation authorized in this title, adjusted for abnormal weather

conditions and, in the case of wheat, but not in the case of cotton, for trends in yields.

(9) "Normal production" as applied to any number of acres of corn, cotton, or wheat means the normal yield for the farm times such number of acres.

(10) (A) "Normal supply" in the case of corn, cotton, rice, and wheat shall be a normal year's domestic consumption and exports of the commodity, plus 7 per centum in the case of corn, 40 per centum in the case of cotton, 10 per centum in the case of rice, and 15 per centum in the case of wheat, of a normal year's domestic consumption and exports, as an allowance for a normal carry-over.

(B) The "normal supply" of tobacco shall be a normal year's domestic consumption and exports plus 175 per centum of a normal year's domestic consumption and 65 per centum of a normal year's exports as an allowance for a normal carry-over.

(11) (A) "Normal year's domestic consumption", in the case of corn and wheat, shall be the yearly average quantity of the commodity, wherever produced, that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(B) "Normal year's domestic consumption", in the case of cotton and tobacco, shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(C) "Normal year's domestic consumption", in the case of rice, shall be the yearly average quantity of rice produced in the United States that was consumed in the United States during the five marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(12) "Normal year's exports" in the case of corn, cotton, rice, tobacco, and wheat shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the ten marketing years (or, in the case of rice, the five marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

(13) (A) "Normal yield" for any farm, in the case of corn, shall be the average yield per acre of corn for the farm during the ten calendar years immediately preceding the year in which such normal yield is used in computing any farm marketing quota or adjustment thereof, adjusted for abnormal weather conditions and trends in yields.

(B) "Normal yield" for any farm, in the case of wheat or cotton, shall be the average yield per acre of wheat or cotton for the farm, adjusted for abnormal weather conditions, and, in the case of wheat but not in the case of cotton, for trends in yields, during the ten calendar years in the case of wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title.

(C) In applying subparagraph (A) or (B), if for any such year the data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. In applying

such subparagraphs, if, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period or five-year period, as the case may be, is less than 75 per centum of the average (computed without regard to such year), such year shall be eliminated in calculating the normal yield per acre.

(D) "Normal yield" per acre of rice for any land planted to rice in any year shall be the average yield per acre thereof during the five calendar years immediately preceding the calendar year for which such normal yield is determined. If, for any reason, there is no actual yield or the data therefor are not available for any year, then an appraised yield for such year, determined in accordance with the regulations of the Secretary, shall be used. If the average of the normal yields for all lands planted to rice in any year in the State (weighted by the acreage allotments therein) exceeds the average yield per acre for the State during the period used in determining normal yields, the normal yields for such lands in the State shall be reduced pro rata so that the average of such normal yields shall not exceed such State average yield.

(14) (A) "Reserve supply level", in the case of corn, shall be a normal year's domestic consumption and exports of corn plus 10 per centum of a normal year's domestic consumption and exports, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(B) "Reserve supply level" of tobacco shall be the normal supply plus 5 per centum thereof, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(15) "Tobacco" means each one of the kinds of tobacco listed below comprising the types specified as classified in Service and Regulatory Announcement Numbered 118 of the Bureau of Agricultural Economics of the Department:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;

Fire-cured and dark air-cured tobacco, comprising types 21, 22, 23, 24, 35, 36, and 37;

Burley tobacco, comprising type 31;

Maryland tobacco, comprising type 32;

Cigar-filler and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55;

Cigar-filler tobacco, comprising type 41.

The provisions of this title shall apply to each of such kinds of tobacco severally.

(16) (A) "Total supply" of corn, cotton, rice, and wheat for any marketing year shall be the carry-over of the commodity for such marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins.

(B) "Total supply" of tobacco for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

(c) The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this Act.

## LOANS ON AGRICULTURAL COMMODITIES

*SEC. 302. (a) The Commodity Credit Corporation is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on agricultural commodities (including dairy products). Except as otherwise provided in this section, the amount, terms, and conditions of such loans shall be fixed by the Secretary, subject to the approval of the Corporation and the President.*

*(b) The Corporation is directed to make available to cooperators loans upon wheat during any marketing year beginning in a calendar year in which the farm price of wheat on June 15 is below 52 per centum of the parity price on such date, or the July crop estimate for wheat is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of wheat at the beginning of the marketing year. In case marketing quotas for wheat are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon wheat at 60 per centum of the rate applicable to cooperators. A loan on wheat to a noncooperator shall be made only on so much of his wheat as would be subject to penalty if marketed.*

*(c) The Corporation is directed to make available to cooperators loans upon cotton during any marketing year beginning in a calendar year in which the average price on August 1 of seven-eighths Middling spot cotton on the ten markets designated by the Secretary is below 52 per centum of the parity price of cotton on such date, or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of cotton as of the beginning of the marketing year. In case marketing quotas for cotton are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon cotton at 60 per centum of the rate applicable to cooperators. A loan on cotton to a noncooperator shall be made only on so much of his cotton as would be subject to penalty if marketed.*

*(d) The Corporation is directed to make available loans upon corn during any marketing year beginning in the calendar year in which the November crop estimate for corn is in excess of a normal year's domestic consumption and exports, or in any marketing year when on November 15 the farm price of corn is below 75 per centum of the parity price, at the following rates:*

*75 per centum of such parity price if such estimate does not exceed a normal year's consumption and exports and the farm price of corn is below 75 per centum of the parity price on November 15;*

*70 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by not more than 10 per centum;*

*65 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 10 per centum and not more than 15 per centum;*

*60 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 15 per centum and not more than 20 per centum;*

*55 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 20 per centum and not more than 25 per centum;*

*52 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 25 per centum.*

*Loans shall be made to cooperators in the commercial corn-producing area at the applicable rate of the above schedule. Loans shall be made to noncooperators within such commercial corn-producing area but only during a marketing year in which farm marketing quotas are in effect and only on corn stored under seal pursuant to section 324, and the rate of such loans shall be 60 per centum of the applicable rate under the above schedule. Loans shall be made to cooperators outside such commercial corn-producing area, and the rate of such loans shall be 75 per centum of the applicable rate under the above schedule.*

*(e) The rates of loans under subsections (b), (c), and (d) on wheat, cotton, and corn not of standard grade, type, staple, or quality shall be increased or decreased in relation to the rates above provided by such amounts as the Secretary prescribes as properly reflecting differences from standard in grade, type, staple, and quality.*

*(f) For the purposes of subsections (b), (c), and (d), a cooperator shall be a producer on whose farm the acreage planted to the commodity for the crop with respect to which the loan is made does not exceed the farm acreage allotment for the commodity under this title, or, in the case of loans upon corn to a producer outside the commercial corn-producing area, a producer on whose farm the acreage planted to soil-depleting crops does not exceed the farm acreage allotment for soil-depleting crops for the year in which the loan is made under the Soil Conservation and Domestic Allotment Act, as amended. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded his farm acreage allotment.*

*(g) Notwithstanding any other provision of this section, if the farmers producing cotton, wheat, corn, or rice indicate by vote in a referendum carried out pursuant to the provisions of this title that marketing quotas with respect to such commodity are opposed by more than one-third of the farmers voting in such referendum, no loan shall be made pursuant to this section with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year for such commodity. This subsection shall not limit the availability or renewal of any loan previously made.*

*(h) No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan under this section unless such loan was obtained through fraudulent representations by the producer.*

*(i) In carrying out this section the Corporation is directed, with the consent of the Secretary, to utilize the services, facilities, and personnel of the Department.*

#### PARITY PAYMENTS

*SEC. 303. If and when appropriations are made therefor, the Secretary is authorized and directed to make payments to producers of corn, wheat, cotton, rice, or tobacco, on their normal production of such commodities in amounts which, together with the proceeds thereof, will provide a return to such producers which is as nearly equal to parity price as the funds so made available will permit. All funds available for such payments with respect to these commodities shall, unless otherwise provided by law, be apportioned to these commodities in proportion to the amount by which*

*each fails to reach the parity income. Such payments shall be in addition to and not in substitution for any other payments authorized by law.*

#### CONSUMER SAFEGUARDS

*SEC. 304. The powers conferred under this Act shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this Act it shall be the duty of the Secretary to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.*

#### SUBTITLE B—MARKETING QUOTAS

##### PART I—MARKETING QUOTAS—TOBACCO

#### LEGISLATIVE FINDING

*SEC. 311. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.*

*(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of interstate and foreign commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.*

*(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and*

*its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.*

#### NATIONAL MARKETING QUOTA

*SEC. 312. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity of tobacco which may be marketed, which will make available during such marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.*

*(b) Whenever in the case of burley tobacco, and fire-cured and dark air-cured tobacco, respectively, the total supply proclaimed pursuant to the provisions of subsection (a) of this section exceeds the reserve supply level by more than 5 per centum and a national marketing quota is not in effect for such tobacco during the marketing year then current, a national marketing quota shall also be in effect for such tobacco marketed during the period from the date of such proclamation to the end of such current marketing year, and the Secretary shall determine and shall specify in such proclamation the amount of such national marketing quota in terms of the total quantity which may be marketed, which will make available during such current marketing year a supply of tobacco equal to the reserve supply level. The provisions of this subsection shall not be effective prior to the beginning of the marketing year beginning in the calendar year 1938.*

*(c) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who were engaged in production of the crop of tobacco harvested prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quota. If in the case of burley tobacco, or fire-cured and dark air-cured tobacco, respectively farmers would be subject to a national quota for the next succeeding marketing year pursuant to the provisions of subsection (a) of this section, and also to a national marketing quota for the current marketing year pursuant to the provisions of subsection (b) of this section, the referendum shall provide for voting with respect to each such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not be effective thereafter.*

*(d) In connection with the determination and proclamation of any marketing quota for the 1938-1939 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made and proclaimed within fifteen days following the date of the enactment of this Act, and the proclamation of the Secretary pursuant to subsection (c) of this section shall be made within forty-five days following the date of the enactment of this Act.*

(e) Marketing quotas shall not be in effect with respect to cigar-filler tobacco comprising type 41 during the marketing year beginning in 1938 or the marketing year beginning in 1939.

#### APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 313. (a) The national marketing quota for tobacco established pursuant to the provisions of section 312, less the amount to be allotted under subsection (c) of this section, shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed (plus, in applicable years, the normal production on the net acreage diverted under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period: Provided, however, That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State for any marketing year shall not be reduced to a point less than 75 per centum of the production of flue-cured tobacco in such State for the year 1937.

(b) The Secretary shall provide, through the local committees, for the allotment of the marketing quota for any State among the farms on which tobacco is produced, on the basis of the following: Past marketing of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: Provided, That, except for farms on which for the first time in five years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding three years, plus the average normal production of any tobacco acreage diverted under agricultural adjustment and conservation programs during such preceding three years.

(c) The Secretary shall provide, through local committees, for the allotment of not in excess of 5 per centum of the national marketing quota (1) to farms in any State whether it has a State quota or not on which for the first time in five years tobacco is produced to be marketed in the year for which the quota is effective and (2) for further increase of allotments to small farms pursuant to the proviso in subsection (b) of this section on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: Providing, That farm marketing quotas established pursuant to this subsection for farms on which tobacco is produced for the first time in five years shall not exceed 75 per centum of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco.

(d) *Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.*

#### PENALTIES

*SEC. 314. The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco is produced, except the marketing of any such tobacco for nicotine or other byproduct uses, shall be subject to a penalty of 50 per centum of the market price of such tobacco on the date of such marketing, or, if the following rates are higher, 3 cents per pound in the case of flue-cured, Maryland, or burley, and 2 cents per pound in the case of all other kinds of tobacco. Such penalty shall be paid by the person who acquires such tobacco from the producer but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: Provided, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer.*

#### PART II—MARKETING QUOTAS—CORN

##### LEGISLATIVE FINDING

*SEC. 321. Corn is a basic source of food for the Nation, and corn produced in the commercial corn-producing area moves almost wholly in interstate and foreign commerce in the form of corn, livestock, and livestock products.*

*Abnormally excessive and abnormally deficient supplies of corn acutely and directly affect, burden, and obstruct interstate and foreign commerce in corn, livestock, and livestock products. When abnormally excessive supplies exist, transportation facilities in interstate and foreign commerce are overtaxed, and the handling and processing facilities through which the flow of interstate and foreign commerce in corn, livestock, and livestock products is directed become acutely congested. Abnormally deficient supplies result in substantial decreases in livestock production and in an inadequate flow of livestock and livestock products in interstate and foreign commerce, with the consequence of unreasonably high prices to consumers.*

*Violent fluctuations from year to year in the available supply of corn disrupt the balance between the supply of livestock and livestock products moving in interstate and foreign commerce and the supply of corn available for feeding. When available supplies of corn are excessive, corn prices are low and farmers overexpand livestock production in order to find outlets for corn. Such expansion, together with the relative scarcity and high price of corn, forces farmers to market abnormally excessive supplies of livestock in interstate commerce at sacrifice prices, endangering the financial stability of producers, and overtaxing handling and processing facilities through which the flow of interstate and foreign commerce in livestock and livestock products is directed. Such excessive marketings deplete livestock on farms, and livestock marketed in interstate and foreign commerce consequently becomes abnormally low, with resultant high prices to consumers and danger to the financial stability of persons engaged in*

transporting, handling, and processing livestock in interstate and foreign commerce. These high prices in turn result in another overexpansion of livestock production.

Recurring violent fluctuations in the price of corn resulting from corresponding violent fluctuations in the supply of corn directly affect the movement of livestock in interstate commerce from the range cattle regions to the regions where livestock is fattened for market in interstate and foreign commerce, and also directly affect the movement in interstate commerce of corn marketed as corn which is transported from the regions where produced to the regions where livestock is fattened for market in interstate and foreign commerce.

Substantially all the corn moving in interstate commerce, substantially all the corn fed to livestock transported in interstate commerce for fattening, and substantially all the corn fed to livestock marketed in interstate and foreign commerce, is produced in the commercial corn-producing area. Substantially all the corn produced in the commercial corn-producing area, with the exception of a comparatively small amount used for farm consumption, is either sold or transported in interstate commerce, or is fed to livestock transported in interstate commerce for feeding, or is fed to livestock marketed in interstate and foreign commerce. Almost all the corn produced outside the commercial corn-producing area is either consumed, or is fed to livestock which is consumed, in the State in which such corn is produced.

The conditions affecting the production and marketing of corn and the livestock products of corn are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of disparities between the supplies of livestock moving in interstate and foreign commerce and the supply of corn available for feeding, and provide for orderly marketing of corn in interstate and foreign commerce and livestock and livestock products in interstate and foreign commerce.

The national public interest requires that the burdens on interstate and foreign commerce above described be removed by the exercise of Federal power. By reason of the administrative and physical impracticability of regulating the movement of livestock and livestock products in interstate and foreign commerce and the inadequacy of any such regulation to remove such burdens, such power can be feasibly exercised only by providing for the withholding from market of excessive and burdensome supplies of corn in times of excessive production, and providing a reserve supply of corn available for market in times of deficient production, in order that a stable and continuous flow of livestock and livestock products in interstate and foreign commerce may at all times be assured and maintained.

#### FARM MARKETING QUOTAS

SEC. 322. (a) Whenever in any calendar year the Secretary determines from available statistics of the Department, including the August production estimate officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of corn as of October 1 will exceed the normal supply thereof by more than 10 per centum, marketing quotas shall be in effect in the commercial corn-producing area for the crop of corn grown in such area in such calendar year, and shall remain in effect until terminated in accordance with the provisions of this title.

(b) *The Secretary shall determine, on the basis of the estimated average yield of corn in such area for such crop, the acreage in such area which the Secretary determines would make available for the marketing year beginning October 1 a supply of corn (together with the estimated production of corn in the United States outside such area) equal to the normal supply. The percentage which the number of acres so determined is of the total number of acres of the acreage allotment under section 328 shall be proclaimed by the Secretary. Such percentage is referred to herein as the "marketing percentage".*

(c) *The Secretary shall proclaim his determinations of facts under subsection (a) and his determination of the marketing percentage under subsection (b) not later than August 15.*

(d) *Within twenty days after the date of the issuance of the proclamation provided for in subsection (c) of this section, the Secretary shall conduct a referendum, by secret ballot, of farmers who would be subject to such quotas to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to September 10, proclaim the result of the referendum and such quotas shall not become effective.*

(e) *Whenever it shall appear from the September production estimates officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of corn as of the beginning of the next succeeding marketing year will not exceed the normal supply by more than 10 per centum thereof, the Secretary shall proclaim such fact prior to September 20, if farm marketing quotas have been proclaimed for such marketing year. Thereupon such quotas shall not become effective.*

#### AMOUNT OF FARM MARKETING QUOTA

SEC. 323. (a) *The farm marketing quota for any farm with respect to any crop of corn shall be an amount of corn equal to the sum of—*

(1) *The amount of corn used as silage; and*

(2) *The actual production of the acreage of corn not used as silage less the amount required for farm consumption and less the storage amount applicable to the farm as ascertained under section 324.*

(b) *No farm marketing quota with respect to any crop of corn shall be applicable to any farm on which the normal production of the acreage planted to corn is less than three hundred bushels.*

#### STORAGE AMOUNTS

SEC. 324. (a) *If the acreage of corn on the farm does not exceed the marketing percentage of the farm acreage allotment, there shall be no storage amount.*

(b) *If the acreage of corn on the farm exceeds the marketing percentage of the farm acreage allotment, the storage amount shall be a number of bushels equal to the smallest of the following amounts—*

(1) *The normal production of the acreage of corn on the farm in excess of the marketing percentage of the farm acreage allotment;*

(2) *The amount by which the actual production of the acreage of corn on the farm exceeds the normal production of the marketing percentage of the farm acreage allotment; or*

(3) *The amount of the actual production of the acreage of corn on the farm not used for silage.*

(c) *If the storage amount ascertained under subsection (b) is less than 100 bushels, there shall be no storage amount.*

#### PENALTIES

SEC. 325. (a) *Any farmer who, while any farm marketing quota is in effect for his farm with respect to any crop of corn, markets corn produced on the farm in an amount which is in excess of the aggregate of the farm marketing quotas for the farm in effect at such time, shall be subject to a penalty of 15 cents per bushel of the excess so marketed. Liability for such penalty shall not accrue until the amount of corn stored under seal on such farm or in storage cribs rented by the farmer or under his control is less than the storage amount applicable to such crop plus the storage amounts, if any, applicable to other crops.*

(b) *If there is stored under seal on the farm or in such cribs an amount of corn equal at least to the storage amount applicable to such crop plus such storage amounts applicable to such other crops, the farmer shall be presumed not to be violating the provisions of subsection (a). When the amount of corn stored under seal on the farm or in such cribs is less than the storage amount applicable to such crop plus such storage amounts applicable to such other crops, the farmer shall be presumed to have marketed, while farm marketing quotas were in effect, corn in violation of the provisions of subsection (a) to the extent that the amount of corn so stored is less than the aggregate of such storage amounts. In any action brought to enforce the collection of penalties provided for in this section, the farmer, to the extent that the amount of corn so stored is less than the aggregate of such storage amounts shall have the burden of proving that he did not market corn in violation of the provisions of subsection (a).*

(c) *For the purposes of this Part, corn shall be deemed to be stored by the farmer under seal only if stored in such manner as to conform to the requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this Part.*

#### ADJUSTMENT OF FARM MARKETING QUOTAS

SEC. 326. (a) *Whenever in any county or other area the Secretary finds that the actual production of corn plus the amount of corn stored under seal in such county or other area is less than the normal production of the marketing percentage of the farm acreage allotments in such county or other area, the Secretary shall terminate farm marketing quotas for corn in such county or other area.*

(b) *Whenever, upon any farm, the actual production of the acreage of corn is less than the normal production of the marketing percentage of the farm acreage allotment, there may be marketed, without penalty, from such farm an amount of corn from the corn stored under seal pursuant to section 324 which, together with the actual production of the then current crop, will equal the normal production of the marketing percentage of the farm acreage allotment.*

(c) *Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of corn produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of corn shall be terminated.*

## PROCLAMATIONS OF SUPPLIES AND COMMERCIAL CORN-PRODUCING AREA

SEC. 327. Not later than September 1, the Secretary shall ascertain and proclaim the total supply, the normal supply, and the reserve supply level for such marketing year. Not later than February 1, the Secretary shall ascertain and proclaim the commercial corn-producing area. The ascertainment and proclamation of the commercial corn-producing area for 1938 shall be made not later than ten days after the date of the enactment of this Act.

## ACREAGE ALLOTMENT

SEC. 328. The acreage allotment of corn for any calendar year shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the ten calendar years immediately preceding such calendar year will produce an amount of corn in such area which the Secretary determines will, together with corn produced in the United States outside the commercial corn-producing area, make available a supply for the marketing year beginning in such calendar year, equal to the reserve supply level. The Secretary shall proclaim such acreage allotment not later than February 1 of the calendar year for which such acreage allotment was determined. The proclamation of the acreage allotment for 1938 shall be made as soon as practicable after the date of the enactment of this Act.

## APPORTIONMENT OF ACREAGE ALLOTMENT

SEC. 329. (a) The acreage allotment for corn shall be apportioned by the Secretary among the counties in the commercial corn-producing area on the basis of the acreage seeded for the production of corn during the ten calendar years immediately preceding the calendar year in which the apportionment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil-conservation practices: Provided, That any downward adjustment for the promotion of soil-conservation practices shall not exceed 2 per centum of the total acreage allotment that would otherwise be made to such county.

(b) The acreage allotment to the county for corn shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

## PART III—MARKETING QUOTAS—WHEAT

## LEGISLATIVE FINDINGS

SEC. 331. Wheat is a basic source of food for the Nation, is produced throughout the United States by more than a million farmers, is sold on the country-wide market and, as wheat or flour, flows almost entirely through instrumentalities of interstate and foreign commerce from producers to consumers.

Abnormally excessive and abnormally deficient supplies of wheat on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce. Abnormally excessive supplies overtax the facilities of interstate and foreign transportation, congest terminal

markets and milling centers in the flow of wheat from producers to consumers, depress the price of wheat in interstate and foreign commerce, and otherwise disrupt the orderly marketing of such commodity in such commerce. Abnormally deficient supplies result in an inadequate flow of wheat and its products in interstate and foreign commerce with consequent injurious effects to the instrumentalities of such commerce and with excessive increases in the prices of wheat and its products in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in wheat and its products be protected from such burdensome surpluses and distressing shortages, and that a supply of wheat be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of such burdensome surpluses. Such surpluses result in disastrously low prices of wheat and other grains to wheat producers, destroy the purchasing power of grain producers for industrial products, and reduce the value of the agricultural assets supporting the national credit structure. Such shortages of wheat result in unreasonably high prices of flour and bread to consumers and loss of market outlets by wheat producers.

The conditions affecting the production and marketing of wheat are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages and the burdens on interstate and foreign commerce resulting therefrom, maintain normal supplies of wheat, or provide for the orderly marketing thereof in interstate and foreign commerce.

The provisions of this Part affording a cooperative plan to wheat producers are necessary in order to minimize recurring surpluses and shortages of wheat in interstate and foreign commerce, to provide for the maintenance of adequate reserve supplies thereof, and to provide for an adequate flow of wheat and its products in interstate and foreign commerce. The provisions hereof for regulation of marketings by producers of wheat whenever an abnormally excessive supply of such commodity exists are necessary in order to maintain an orderly flow of wheat in interstate and foreign commerce under such conditions.

#### PROCLAMATIONS OF SUPPLIES AND ALLOTMENTS

SEC. 332. Not later than July 15 of each marketing year for wheat, the Secretary shall ascertain and proclaim the total supply and the normal supply of wheat for such marketing year, and the national acreage allotment for the next crop of wheat.

#### NATIONAL ACREAGE ALLOTMENT

SEC. 333. The national acreage allotment for any crop of wheat shall be that acreage which the Secretary determines will, on the basis of the national average yield for wheat, produce an amount thereof adequate, together with the estimated carry-over at the beginning of the marketing year for such crop, to make available a supply for such marketing year equal to a normal year's domestic consumption and exports plus 30 per centum thereof. The national acreage allotment for wheat for 1938 shall be sixty-two million five hundred thousand acres.

## APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 334. (a) The national acreage allotment for wheat shall be apportioned by the Secretary among the several States on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period.

(b) The State acreage allotment for wheat shall be apportioned by the Secretary among the counties in the State, on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the net acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil-conservation practices.

(c) The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made.

## MARKETING QUOTAS

SEC. 335. (a) Whenever it shall appear that the total supply of wheat as of the beginning of any marketing year will exceed a normal year's domestic consumption and exports by more than 35 per centum, the Secretary shall, not later than the May 15 prior to the beginning of such marketing year, proclaim such fact and, during the marketing year beginning July 1 and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of wheat. The Secretary shall ascertain and specify in the proclamation the amount of the national marketing quota in terms of a total quantity of wheat and also in terms of a marketing percentage of the national acreage allotment for the current crop which he determines will, on the basis of the national average yield of wheat, produce the amount of the national marketing quota. Marketing quotas for any marketing year shall be in effect with respect to wheat harvested in the calendar year in which such marketing year begins notwithstanding that the wheat is marketed prior to the beginning of such marketing year. No marketing quota with respect to the marketing of wheat shall be in effect for the marketing year beginning July 1, 1938, unless prior to the date of the proclamation of the Secretary, provision has been made by law for the payment, in whole or in part, in 1938 of parity payments with respect to wheat.

(b) The amount of the national marketing quota for wheat shall be equal to a normal year's domestic consumption and exports plus 30 per centum thereof, less the sum of (1) the estimated carry-over of wheat as of the beginning of the marketing year with respect to which the quota is proclaimed and (2) the estimated amount of wheat which will be used on farms as seed or livestock feed during the marketing year.

(c) *The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—*

(1) *A number of bushels equal to the normal production of a number of acres determined by applying the marketing percentage specified in the quota proclamation to the farm acreage allotment for the current crop; and*

(2) *A number of bushels of wheat equal to the amount, or part thereof, of wheat from any previous crop which the farmer has on hand which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the wheat actually marketed during such preceding marketing year, could have been marketed without penalty.*

*In no event shall the farm marketing quota for any farm be less than the normal production of half the farm acreage allotment for the farm.*

(d) *No farm marketing quota with respect to wheat shall be applicable in any marketing year to any farm on which the normal production of the acreage planted to wheat of the current crop is less than one hundred bushels.*

#### REFERENDUM

*SEC. 336. Between the date of the issuance of any proclamation of any national marketing quota for wheat and June 10, the Secretary shall conduct a referendum, by secret ballot, of farmers who will be subject to the quota specified therein to determine whether such farmers favor or oppose such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the effective date of such quota, by proclamation suspend the operation of the national marketing quotas with respect to wheat.*

#### ADJUSTMENT AND SUSPENSION OF QUOTAS

*SEC. 337. (a) If the total supply as proclaimed by the Secretary within forty-five days after the beginning of the marketing year is less than that specified in the proclamation by the Secretary under section 335 (a), then the national marketing quota specified in the proclamation under such section shall be increased accordingly.*

(b) *Whenever it shall appear from either the July or the August production estimates, officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of wheat as of the beginning of the marketing year was less than a normal year's domestic consumption and exports plus 30 per centum thereof, the Secretary shall proclaim such fact prior to July 20, or August 20, as the case may be, if farm marketing quotas have been announced with respect to the crop grown in such calendar year. Thereupon such quotas shall become ineffective.*

#### TRANSFER OF QUOTAS

*SEC. 338. Farm marketing quotas for wheat shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, any farm marketing quota in excess of the supply of wheat for such farm for any marketing year may be allocated to other farms on which the acreage allotment has not been exceeded.*

## PENALTIES

*SEC. 339. Any farmer who, while farm marketing quotas are in effect, markets wheat in excess of the farm marketing quota for the farm on which such wheat was produced, shall be subject to a penalty of 15 cents per bushel of the excess so marketed.*

## PART IV—MARKETING QUOTAS—COTTON

## LEGISLATIVE FINDINGS

*SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by substantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.*

*Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.*

*The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nation-wide and foreign markets, cannot maintain normal carry-overs of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.*

*It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of excessive supplies of cotton.*

*The provisions of this Part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens on interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.*

## FINDING AND PROCLAMATION OF SUPPLIES, AND SO FORTH

*SEC. 342. Not later than November 15 of each year the Secretary shall find and proclaim (a) the total supply, the normal supply, and the carry-over of cotton as of August 1 of such year, (b) the probable domestic consumption of American cotton during the marketing year commencing August 1 of such year, (c) the probable exports of American cotton during such marketing year, and (d) the estimated carry-over of cotton as of the next succeeding August 1. For the marketing year 1937-1938*

the Secretary shall make all the findings and proclamations provided for in this section not later than ten days after the date of the enactment of this Act.

#### AMOUNT OF NATIONAL ALLOTMENT

SEC. 343. (a) Not later than November 15 of each year the Secretary shall find and proclaim the amount of the national allotment of cotton for the succeeding calendar year in terms of standard bales of five hundred pounds gross weight. The national allotment shall be the number of bales of cotton adequate, together with the estimated carry-over as of August 1 of such succeeding calendar year, to make available a supply of cotton, for the marketing year beginning on such August 1, equal to the normal supply. The finding and proclamation of the national allotment for the calendar year 1938 shall be made not later than ten days after the date of the enactment of this Act.

(b) If the national allotment for 1938 or 1939 is determined to be less than ten million bales, the national allotment for such year shall be ten million bales for such year, as the case may be. If the national allotment for 1938 or 1939 is determined to be more than eleven million five hundred thousand bales, it shall be eleven million five hundred thousand bales for such year, as the case may be.

(c) Notwithstanding the foregoing provisions of this section, the national allotment for 1938 and for 1939 shall be increased by a number of bales equal to the production of the acres allotted under section 344 (e) for such year.

#### APPORTIONMENT OF NATIONAL ALLOTMENT

SEC. 344. (a) The national allotment for cotton for each year (excluding that portion of the national allotment provided for in section 343 (c)) shall be apportioned by the Secretary among the several States on the basis of the average, for the five years preceding the year in which the national allotment is determined, of the normal production of cotton in each State. The normal production of a State for a year shall be (1) the quantity produced therein plus (2) the normal yield of the acres diverted in each county in the State under the previous agricultural adjustment or conservation programs. The normal yield of the acres diverted in any county in any year shall be the average yield per acre of the planted acres in such county in such year times the number of acres diverted in such county in such year.

(b) The Secretary shall ascertain, on the basis of the average yield per acre in each State, a number of acres in such State which will produce a number of bales equal to the allotment made to the State under subsection (a). Such number of acres is referred to as the "State acreage allotment". The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the years used in computing the allotment to the State, and the average, for the same period, of the acres planted and the acres diverted in the State.

(c) (1) The State acreage allotment (less the amount required for apportionment under paragraph (2)) shall be apportioned annually by the Secretary to the counties in the State. The apportionment to the counties shall be made on the basis of the acreage planted to cotton during the five calendar years immediately preceding the calendar year in which the State allotment is apportioned (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation pro-

grams), with adjustments for abnormal weather conditions and trends in acreage during such five-year period.

(2) Not more than 2 per centum of the State acreage allotment shall be apportioned to farms in such State which were not used for cotton production 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.

(d) The allotment apportioned to the county under subsection (c) (1), plus any amount allotted to the county under subsection (e), shall be apportioned by the Secretary, through the local committees, among the farms within the county on the following basis:

(1) To each farm on which cotton has been planted during any any of the previous three years there shall be allotted the smaller of the following—

(A) Five acres; or

(B) the highest number of acres planted to cotton (plus the acres diverted from the production of cotton under the agricultural adjustment or conservation programs) in any year of such three-year period;

(2) Not more than 3 per centum of the amount remaining, after making the allotments provided for under paragraph (1), shall be allotted, upon such basis as the Secretary deems fair and equitable, to farms (other than farms to which an allotment has been made under paragraph (1) (B)) to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection; and

(3) The remainder of the total amount available to the county shall be allotted to farms on which cotton has been planted during any of the previous three years (except farms to which an allotment has been made under paragraph (1) (B)). 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 acreage the acres devoted to the production of wheat, tobacco, or rice for market or for feeding to livestock for market: 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 to cotton plus the acreage diverted from the production of cotton under the agricultural adjustment or conservation program during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted and diverted in any such year.

(e) For 1938 and 1939, the Secretary shall allot to the several counties, to which an apportionment is made under subsection (b), a number of acres required to provide a total acreage for allotment under this section to such counties of not less than 60 per centum of the sum of (1) the acreage planted to cotton in such counties in 1937, plus (2) the acreage therein diverted from cotton production in 1937 under the agricultural adjustment and conservation program. The acreage so diverted shall be estimated in case data are not available at the time of making such allotment.

(f) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

#### MARKETING QUOTAS

SEC. 345. Whenever the Secretary determines that the total supply of cotton for any marketing year exceeds by more than 7 per centum the normal supply thereof for such marketing year, the Secretary shall proclaim such fact not later than November 15 of such marketing year (or, in case of the marketing year 1937-1938, within ten days after the date of enactment of this Act), and marketing quotas shall be in effect during the next succeeding marketing year with respect to the marketing of cotton. Cotton produced in the calendar year in which such marketing year begins shall be subject to the quotas in effect for such marketing year notwithstanding that it may be marketed prior to August 1.

#### AMOUNT OF FARM MARKETING QUOTAS

SEC. 346. (a) The farm marketing quota for cotton for any farm for any marketing year shall be a number of bales of cotton equal to the sum of—

(1) A number of bales equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) A number of bales equal to the amount, or part thereof, of cotton from any previous crop which the farmer has on hand, which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the cotton actually marketed during such preceding marketing year, could have been marketed without penalty.

(b) The penalties provided for in section 348 shall not apply to the marketing of cotton produced on any farm for which a farm acreage allotment has been made for the current crop if the production of the current crop does not exceed one thousand pounds of lint cotton.

#### REFERENDUM

SEC. 347. Not later than December 15 of any calendar year in which a proclamation of farm marketing quotas pursuant to the provisions of this Part has been made, the Secretary shall conduct a referendum, by secret ballot, of farmers who were engaged in production of the crop harvested prior to the holding of the referendum to determine whether they favor or oppose such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to the end of such calendar year, proclaim the result of the referendum, and upon such proclamation the quotas shall become ineffective. If a proclamation under section 345 is made with respect to the 1938 crop, the referendum with respect to such crop shall be held not later than thirty days after the date of the enactment of this Act and the result thereof shall be proclaimed not later than forty-five days after such date.

## PENALTIES

SEC. 348. Any farmer who, while farm marketing quotas are in effect, markets cotton in excess of the farm marketing quota for the marketing year for the farm on which such cotton was produced, shall be subject to the following penalties with respect to the excess so marketed: 2 cents per pound if marketed during the first marketing year when farm marketing quotas are in effect; and 3 cents per pound if marketed during any subsequent year, except that the penalty shall be 2 cents per pound if cotton of the crop subject to penalty in the first year is marketed subject to penalty in any subsequent year.

## INELIGIBILITY FOR PAYMENTS

SEC. 349. (a) Any person who knowingly plants cotton on his farm in any year on acreage in excess of the farm acreage allotment for cotton for the farm for such year under section 344 shall not be eligible for any payment for such year under the Soil Conservation and Domestic Allotment Act, as amended.

(b) All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, shall file with the application a statement verified by affidavit that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year. Any person who knowingly swears falsely in any statement required under this subsection shall be guilty of perjury.

## LONG STAPLE COTTON

SEC. 350. The provisions of this Part shall not apply to cotton the staple of which is  $1\frac{1}{8}$  inches or more in length.

## PART V—MARKETING QUOTAS—RICE

## LEGISLATIVE FINDING

SEC. 351. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein,

(2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

#### NATIONAL ACREAGE ALLOTMENT

SEC. 352. The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average yield of rice for the five calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply. Such national acreage allotment shall be proclaimed not later than December 31 of each year.

#### APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 353. (a) The national acreage allotment of rice for each calendar year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for trends in acreage during the applicable period.

(b) Not less than 97 per centum of the acreage allotted to any State shall be apportioned annually by the Secretary through local and State committees of farmers among the persons producing rice within such State on the basis of past production of rice; land, labor, and available equipment for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: Provided, That not exceeding 3 per centum of the acreage allotted to each State shall be apportioned annually by the Secretary through local and State committees of farmers among persons who for the first time in the past five years are producing rice on the basis of the applicable standards of apportionment set forth in this subsection: Provided further, That a person producing rice for the first time in five years shall not be allotted an acreage in excess of 75 per centum of the allotment that would be made to him if he were not producing rice for the first time in such five years.

#### DOMESTIC ALLOTMENT OF RICE

SEC. 354. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department and shall proclaim the total amount of rice which will be needed during the

next succeeding marketing year to meet the requirements of consumers in the United States. Such amount is hereinafter referred to as the "domestic allotment of rice".

(b) The domestic allotment of rice for each marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average amount of rice produced in each State during the five-year period including the calendar year in which such domestic allotment is announced (plus, in applicable years, the normal production of any acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period.

(c) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. The apportionment of the domestic allotment of rice among persons producing rice in each State shall be on the basis of the aggregate normal yields of the acreage allotments established with respect to such persons.

#### MARKETING QUOTAS

SEC. 355. (a) If at the time of any proclamation made under the provisions of section 354 (a) it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 10 per centum of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year a national marketing quota shall be in effect for marketings of rice by producers: Provided, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum, by secret ballot, of producers who would be subject to the national marketing quota for rice to determine whether such producers are in favor of or opposed to such quota. If more than one-third of the producers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and persons producing rice in each State, including new producers, in the manner and upon the basis set forth in section 354 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

#### PENALTIES

SEC. 356. Any producer who markets rice in excess of his marketing quota shall be subject to a penalty of one-quarter of 1 cent per pound of the excess so marketed.

## SUBTITLE C—ADMINISTRATIVE PROVISIONS

## PART I—PUBLICATION AND REVIEW OF QUOTAS

## APPLICATION OF PART

SEC. 361.—This Part shall apply to the publication and review of farm marketing quotas established for tobacco, corn, wheat, cotton, and rice, established under subtitle B.

## PUBLICATION AND NOTICE OF QUOTA

SEC. 362.—All acreage allotments, and the farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made and kept freely available for public inspection in such county or other local administrative area. An additional copy of this information shall be kept available in the office of the county agricultural extension agent or with the chairman of the local committee. Notice of the farm marketing quota of his farm shall be mailed to the farmer.

## REVIEW BY REVIEW COMMITTEE

SEC. 363. Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

## REVIEW COMMITTEE

SEC. 364. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than thirty days in any one year.

## INSTITUTION OF PROCEEDINGS

SEC. 365. If the farmer is dissatisfied with the determination of the review committee, he may, within fifteen days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court, or institute proceedings for review in any court of record of the State having general jurisdiction, sitting in the county or the district in which his farm is located, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon

which the determination complained of was made, together with its findings of fact.

#### COURT REVIEW

SEC. 366. *The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court, in term time or vacation, shall hear and determine the case upon the original record of the hearing before the review committee, and upon such record as supplemented if supplemented, by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.*

#### STAY OF PROCEEDINGS AND EXCLUSIVE JURISDICTION

SEC. 367. *The commencement of judicial proceedings under this Part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination. Notwithstanding any other provision of law, the jurisdiction conferred by this Part to review the legal validity of a determination made by a review committee pursuant to this Part shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this Part.*

#### NO EFFECT ON OTHER QUOTAS

SEC. 368. *Notwithstanding any increase of any farm marketing quota for any farm as a result of review of the determination thereof under this Part, the marketing quotas for other farms shall not be affected.*

#### PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

##### GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) *If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course*

of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice, or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

(c) In case any national marketing quota for any commodity is increased under this section, each farm marketing quota for the commodity shall be increased in the same ratio.

(d) In the case of corn, whenever such proclamation specifies an increase in marketing quotas, the storage amounts applicable to corn shall be adjusted downward to the amount which would have been required to be stored if such increased marketing quotas had been in effect. Whenever in the case of corn, such proclamation provides for termination of marketing quotas, storage under seal shall no longer be required.

#### PAYMENT AND COLLECTION OF PENALTIES

SEC. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

#### REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginners of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe.

For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection 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 \$500.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title.

#### MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

#### REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.

#### COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

## SUBTITLE D—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

## PART I—MISCELLANEOUS

## COTTON PRICE ADJUSTMENT PAYMENTS

SEC. 381. (a) For the purposes of the provisions (relating to cotton price adjustment payments with respect to the 1937 cotton crop) of the Third Deficiency Appropriation Act, fiscal year 1937, a producer shall be deemed to have complied with the provisions of the 1938 agricultural adjustment program formulated under the legislation contemplated by Senate Joint Resolution Numbered 207, Seventy-fifth Congress, if his acreage planted to cotton in 1938 does not exceed his farm acreage allotment for 1938 under the Soil Conservation and Domestic Allotment Act, as amended (including the amendments made by this Act), or under section 344 of this Act, whichever is the lesser. For the purpose of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded his farm acreage allotment. Such compliance shall not be required in any case where the producer is not engaged in cotton production in 1938. In cases where in 1937 a total or partial crop failure resulted from hail, drought, flood, or boll-weevil infestation, if the producer is otherwise eligible for payment, payment shall be made at the rate of 3 cents per pound on the same percentage of the producer's normal base production established by the Secretary as in the case of other producers. For the purpose of such provisions of the Third Deficiency Appropriation Act, fiscal year 1937, cotton not sold prior to July 1, 1938, shall be held and considered to have been sold on June 30, 1938, and all applications for price adjustment payments shall be filed with the Secretary not later than July 15, 1938. Such payments shall be made at the earliest practicable time. Application for payment may be made by the 1937 operator of a farm on behalf of all persons engaged in cotton production on the farm in 1937 and need be signed only by such operator, but payment shall be made directly to each of the persons entitled thereto. In case any person who is entitled to payment hereunder dies, becomes incompetent, or disappears before receiving such payment or is succeeded by another who renders or completes the required performance, payment shall, without regard to any other provisions of law, be made as the Secretary may determine to be fair and reasonable in all the circumstances and provide by regulations.

(b) Any producer for whom a loan has been made or arranged for by the Commodity Credit Corporation on cotton of his 1937 crop and who has complied with all the provisions of the loan agreement except section 8 thereof, may, at any time before July 1, 1938, transfer his right, title, and interest in and to such cotton to the Corporation; and the Corporation is authorized and directed to accept such right, title, and interest in and to such cotton and to assume all obligations of the producer with respect to the loan on such cotton, including accrued interest and accrued carrying charges to the date of such transfer. The Corporation shall notify the Secretary of Agriculture of each such transfer, and upon receipt of such notice, the Secretary shall as soon as compliance is shown, or a national marketing quota for cotton is put into effect, forthwith pay to such producer a sum equal to 2 cents per pound of such cotton, and the amount so paid shall be deducted from any price adjustment payment to which such producer is entitled.

(c) *The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts.*

#### EXTENSION OF 1937 COTTON LOAN

*SEC. 382. The Commodity Credit Corporation is hereby authorized and directed to provide for the extension, from July 31, 1938, to July 31, 1939, of the maturity date of all notes evidencing a loan made or arranged for by the Corporation on cotton produced during the crop year 1937-1938. This section shall not be construed to prevent the sale of any such cotton on request of the person liable on the note.*

#### INSURANCE OF COTTON AND RECONCENTRATION OF COTTON

*SEC. 383. (a) The Commodity Credit Corporation shall place all insurance of every nature taken out by it on cotton, and all renewals, extensions, or continuations of existing insurance, with insurance agents who are bona fide residents of and doing business in the State where the cotton is warehoused: Provided, That such insurance may be secured at a cost not greater than similar insurance offered on said cotton elsewhere.*

*(b) Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower.*

#### REPORT OF BENEFITS

*SEC. 384. The Secretary shall submit to Congress an annual report of the names of persons to whom, during the preceding year, payments were made under the Soil Conservation and Domestic Allotment Act, as amended, together with payments under section 303 of this Act, if any, if the total amount paid to such person exceeded \$1,000.*

#### FINALITY OF FARMERS' PAYMENTS AND LOANS

*SEC. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, or loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.*

*SEC. 386. The provisions of section 3741 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., 1934 edition, title 18,*

*secs. 204 and 205) shall not be applicable to loans or payments made under this Act (except under section 383 (a) ).*

#### PHOTOGRAPHIC REPRODUCTIONS AND MAPS

*SEC. 387. The Secretary may furnish reproductions of such aerial or other photographs, mosaics, and maps as have been obtained in connection with the authorized work of the Department to farmers and governmental agencies at the estimated cost of furnishing such reproductions, and to persons other than farmers at such prices (not less than estimated cost of furnishing such reproductions) as the Secretary may determine, the money received from such sales to be deposited in the Treasury to the credit of the appropriation charged with the cost of making such reproductions. This section shall not affect the power of the Secretary to make other disposition of such or similar materials under any other provisions of existing law.*

#### UTILIZATION OF LOCAL AGENCIES

*SEC. 388. (a) The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same.*

*(b) The Secretary is authorized and directed, from any funds made available for the purposes of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers.*

#### PERSONNEL

*SEC. 389. The Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this Act as he deems may be appropriately exercised by such Administration; and for such purposes the provisions of law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.*

#### SEPARABILITY

*SEC. 390. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons or cir-*

cumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this Act should be held not to be within the power of the Congress to regulate interstate and foreign commerce, such provision shall not be held invalid if it is within the power of the Congress to provide for the general welfare or any other power of the Congress. If any provision of this Act for marketing quotas with respect to any commodity should be held invalid, no provision of this Act for marketing quotas with respect to any other commodity shall be affected thereby. If the application of any provision for a referendum should be held invalid, the application of other provisions shall not be affected thereby. If by reason of any provision for a referendum the application of any such other provision to any person or circumstance is held invalid, the application of such other provision to other persons or circumstances shall not be affected thereby.

## PART II—APPROPRIATIONS AND ADMINISTRATIVE EXPENSES

### APPROPRIATIONS

SEC. 391. (a) Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this Act and for the making of soil conservation and other payments such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) For the administration of this Act (including the provisions of title V) during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed \$5,000,000.

### ADMINISTRATIVE EXPENSES

SEC. 392. (a) The Secretary is authorized and directed to make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

(b) In the administration of this title, sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, the aggregate amount expended in any fiscal year, beginning with the fiscal year ending June 30, 1939, for administrative expenses in the District of Columbia, including regional offices, shall not exceed 1 per centum of the total amount available for such fiscal year for carrying out such Acts, and the aggregate amount expended in any fiscal year for administrative expenses in the several States (not including the expenses of county and local committees) shall not exceed 2 per centum of the total amount available for such fiscal year for carrying out such Acts. In the event any administrative expenses of any county or local committee are deducted in any fiscal year, beginning with the fiscal year ending June 30, 1939, from

*Soil Conservation Act payments, parity payments, or loans, each farmer receiving benefits under such provisions shall be apprised, in the form of a statement to accompany the check evidencing such benefit payment or loan, of the amount of percentage deducted from such benefit payment or loan on account of such administrative expenses. The names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be posted annually in a conspicuous place in the area within which they are employed.*

#### ALLOTMENT OF APPROPRIATIONS

*SEC. 398. All funds for carrying out the provisions of this Act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government, and to such State agencies, as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.*

### TITLE IV—COTTON POOL PARTICIPATION TRUST CERTIFICATES

*SEC. 401. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of \$1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby authorized to be appropriated at the request of the Secretary.*

*SEC. 402. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby authorized to be appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.*

*SEC. 403. The Secretary is hereby authorized to make available, from the sum hereby authorized to be appropriated, to the manager of the cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, form C-5-I, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on May 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of \$1 per five-hundred-pound bale for every bale or fractional part thereof represented by the certificates C-5-I. The Secretary is further authorized to pay directly, or to advance to, the manager of the cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with provisions of this Act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.*

*SEC. 404. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of July 1938: Provided, That after expiration of the said limit, the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before July 31, 1938, but where for any reason the purchase*

price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically, to authorize the purchase of outstanding pool participation trust certificates, form C-5-I, for a purchase price to be determined at the rate of \$1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of July 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

SEC. 405. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby authorized to be appropriated, for which purpose the fund hereby authorized to be appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

SEC. 406. After expiration of the time limit herein established, the certificates then remaining outstanding and not theretofore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

SEC. 407. Nothing in this title shall be construed to authorize the manager, cotton pool, to pay the assignee or any holder of such cotton pool participation trust certificates, form C-5-I, transferred on or before May 1, 1937, as shown by the records of the Department of Agriculture, more than the purchase price paid by the assignee or holder of such certificate or certificates with interest at the rate of 4 per centum per annum from the date of purchase, provided the amount paid such assignee shall not exceed \$1 per bale. Before making payment to any assignee, whose certificates were transferred on or before May 1, 1937, such assignee shall file with the manager, cotton pool, an affidavit showing the amount paid by him for such certificate and the date of such payment, and the manager, cotton pool, is authorized to make payment to such assignee based upon the facts stated in said affidavit as aforesaid.

## TITLE V—CROP INSURANCE

### SHORT TITLE AND APPLICATION OF OTHER PROVISIONS

SEC. 501. This title may be cited as the "Federal Crop Insurance Act" Except as otherwise expressly provided the provisions in titles I to IV, inclusive, shall not apply with respect to this title, and the term "Act" wherever it appears in such titles shall not be construed to include this title.

### DECLARATION OF PURPOSE

SEC. 502. It is the purpose of this title to promote the national welfare by alleviating the economic distress caused by wheat-crop failures due to drought and other causes, by maintaining the purchasing power of farmers, and by providing for stable supplies of wheat for domestic consumption and the orderly flow thereof in interstate commerce.

SEC. 503. To carry out the purposes of this title, there is hereby created as an agency of and within the Department of Agriculture a body corporate with the name "Federal Crop Insurance Corporation" (herein called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the Board of Directors.

#### CAPITAL STOCK

SEC. 504. (a) The Corporation shall have a capital stock of \$100,000,000 subscribed by the United States of America, payment for which shall, with the approval of the Secretary of Agriculture, be subject to call in whole or in part by the Board of Directors of the Corporation.

Any impairment of the capital stock described in this subsection shall be restored only out of operating profits of the Corporation.

(b) There is hereby authorized to be appropriated not more than \$100,000,000 for the purpose of subscribing to said stock. No part of such sum shall be available prior to July 1, 1938. The appropriation for such purpose for the fiscal year ending June 30, 1939, shall not exceed \$20,000,000 and shall be made only out of the unexpended balances for the fiscal year ending June 30, 1938, of the sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(c) Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership by the United States of America.

#### MANAGEMENT OF CORPORATION

SEC. 505. (a) The management of the Corporation shall be vested in a Board of Directors (hereinafter called the "Board") subject to the general supervision of the Secretary of Agriculture. The Board shall consist of three persons employed in the Department of Agriculture who shall be appointed by and hold office at the pleasure of the Secretary of Agriculture.

(b) Vacancies in the Board so long as there shall be two members in office shall not impair the powers of the Board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the Board.

(c) The Directors of the Corporation appointed as hereinbefore provided shall receive no additional compensation for their services as such directors but may be allowed actual necessary traveling and subsistence expenses when engaged in business of the Corporation outside of the District of Columbia.

(d) The Board shall select, subject to the approval of the Secretary of Agriculture, a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the Board.

#### GENERAL POWERS

SEC. 506. The Corporation—

(a) shall have succession in its corporate name;

(b) may adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) may make contracts and purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction

of its business, and may dispose of such property held by it upon such terms as it deems appropriate;

(d) subject to the provisions of section 508 (c), may sue and be sued in its corporate name in any court of competent jurisdiction, State or Federal: Provided, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property;

(e) may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers granted to it by law may be exercised and enjoyed;

(f) shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government;

(g) with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officials, and employees thereof in carrying out the provisions of this title;

(h) may conduct researches, surveys, and investigations relating to crop insurance for wheat and other agricultural commodities;

(i) shall determine the character and necessity for its expenditures under this title and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government; and

(j) shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation and all such incidental powers as are customary in corporations generally.

#### PERSONNEL

SEC. 507 (a) The Secretary shall appoint such officers and employees as may be necessary for the transaction of the business of the Corporation, which appointments may be made without regard to the civil-service laws and regulations, fix their compensation in accordance with the provisions of the Classification Act of 1923, as amended, define their authority and duties, delegate to them such of the powers vested in the Corporation as he may determine, require bond of such of them as he may designate, and fix the penalties and pay the premiums of such bonds. The appointment of officials and the selection of employees by the Secretary shall be made only on the basis of merit and efficiency.

(b) Insofar as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this title, including the employees of the committees and associations referred to in subsection (c) of this section and the members of such committees.

(c) The Board may establish or utilize committees or associations of producers in the administration of this title and make payments to such committees or associations to cover the estimated administrative expenses to be incurred by them in cooperating in carrying out this title and may provide that all or part of such estimated expenses may be included in the insurance premiums provided for in this title.

(d) The Secretary of Agriculture may allot to bureaus and offices of the Department of Agriculture or transfer to such other agencies of the

State and Federal Governments as he may request to assist in carrying out this title any funds made available pursuant to the provisions of section 516 of this Act.

(e) In carrying out the provisions of this title the Board may, in its discretion, utilize producer-owned and producer-controlled cooperative associations.

#### CROP INSURANCE

SEC. 508. To carry out the purposes of this title the Corporation is authorized and empowered—

(a) Commencing with the wheat crop planted for harvest in 1939, to insure, upon such terms and conditions not inconsistent with the provisions of this title as it may determine, producers of wheat against loss in yields of wheat due to unavoidable causes, including drought, flood, hail, wind, winterkill, lightning, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board: Provided, however, That for the first three years of operation under this title contracts of insurance shall not be made for periods longer than one year. Such insurance shall not cover losses due to the neglect or malfeasance of the producer or to the failure of the producer to reseed in areas and under circumstances where it is customary to reseed. Such insurance shall cover not less than 50 or more than 75 per centum, to be determined by the Board, of the recorded or appraised average yield of wheat on the insured farm for a representative base period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just. The Board may condition the issuance of such insurance in any county or area upon a minimum amount of participation in a program of crop insurance formulated pursuant to this title.

(b) To fix adequate premiums for such insurance, payable either in wheat or cash equivalent as of the due date thereof, on the basis of the recorded or appraised average crop loss of wheat on the insured farm for a representative base period subject to such adjustments as the Board may prescribe to the end that the premiums fixed for farms in the same area, which are subject to the same conditions, may be fair and just. Such premiums shall be collected at such time or times, in such manner, and upon such security as the Board may determine.

(c) To adjust and pay claims for losses either in wheat or in cash equivalent under rules prescribed by the Board. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation an action on such claim may be brought against the Corporation in the district court of the United States in and for the district in which the insured farm is located, and exclusive jurisdiction is hereby conferred upon such courts to determine such controversies without regard to the amount in controversy: Provided, That no suit on such claim shall be allowed under this section unless the same shall have been brought within one year after the date when notice of denial of the claim is mailed to the claimant.

(d) From time to time, in such manner and through such agencies as the Board may determine, to purchase, handle, store, insure, provide storage facilities for, and sell wheat, and pay any expenses incidental thereto, it being the intent of this provision, however, that, insofar as practicable, the Corporation shall purchase wheat only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly wheat sold to prevent deterioration; and shall sell wheat

*only to the extent necessary to cover payments of indemnities and to prevent deterioration: Provided, however, that nothing in this section shall prevent prompt offset purchases and sales of wheat for convenience in handling. The restriction on the purchase and sale of wheat provided in this section shall be made a part of any crop insurance agreement made under this title. Notwithstanding any provision of this title, there shall be no limitation upon the legal or equitable remedies available to the insured to enforce against the Corporation the foregoing restriction with respect to purchases and sales of wheat.*

#### INDEMNITIES EXEMPT FROM LEVY

*SEC. 509. Claims for indemnities under this title shall not be liable to attachment, levy, garnishment, or any other legal process before payment to the insured or to deduction on account of the indebtedness of the insured or his estate to the United States except claims of the United States or the Corporation arising under this title.*

#### DEPOSIT OF FUNDS

*SEC. 510. All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers conferred by this title.*

#### TAX EXEMPTION

*SEC. 511. The Corporation, including its franchise, its capital, reserves, and surplus, and its income and property, shall be exempt from all taxation now or hereafter imposed by the United States or by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.*

#### FISCAL AGENT OF GOVERNMENT

*SEC. 512. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money, except receipts from customs, and under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as a depository of public money and financial agent of the Government, as may be required of it.*

#### ACCOUNTING BY CORPORATION

*SEC. 513. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: Provided, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller*

General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

CRIMES AND OFFENSES

SEC. 514. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining for himself or another money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) No person shall, while acting in any official capacity in the administration of this title, speculate, directly or indirectly, in any agricultural commodity or product thereof, to which this title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subsection shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of, or to, the Corporation or draws any order, or issues, puts forth, or assigns any note or other obligation or draft, mortgage, judgment, or decree thereof; or (3) with intent to defraud the Corporation, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) Whoever willfully shall conceal, remove, dispose of, or convert to his own use or to that of another, any property mortgaged or pledged to, or held by, the Corporation, as security for any obligation, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(e) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act.

(f) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, secs. 202 to 207 inclusive) insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this title: Provided, however, That the provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States shall not apply to any crop-insurance agreements made under this title.

ADVISORY COMMITTEE

SEC. 515. The Secretary of Agriculture is authorized to appoint from time to time an advisory committee, consisting of not more than five members experienced in agricultural pursuits and appointed with due con-

sideration to their geographical distribution, to advise the Corporation with respect to carrying out the purposes of this title. The compensation of the members of such committee shall be determined by the Board but shall not exceed \$10 per day each while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

#### APPROPRIATIONS AND REGULATIONS

SEC. 516. (a) There are hereby authorized to be appropriated such sums, not in excess of \$6,000,000 for each fiscal year beginning after June 30, 1938, as may be necessary to cover the operating and administrative costs of the Corporation, which shall be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine: Provided, That expenses in connection with the purchase, transportation, handling, or sale of wheat may be considered by the Corporation as being nonadministrative or nonoperating expenses. For the fiscal year ending June 30, 1939, the appropriation authorized under this subsection is authorized to be made only out of the unexpended balances for the fiscal year ending June 30, 1938, of the sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) The Secretary and the Corporation, respectively, are authorized to issue such regulations as may be necessary to carry out the provisions of this title.

#### SEPARABILITY

SEC. 517. The sections of this title and subdivisions of sections are hereby declared to be separable, and in the event any one or more sections or parts of the same of this title be held to be unconstitutional, the same shall not affect the validity of other sections or parts of sections of this title.

#### RIGHT TO AMEND

SEC. 518. The right to alter, amend, or repeal this title is hereby reserved.

And the Senate agree to the same.

Amend the title to read as follows: "To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, and for other purposes."

MARVIN JONES,  
H. P. FULMER,  
WALL DOXEY,  
CLIFFORD R. HOPE,

*Managers on the part of the House.*

E. D. SMITH,  
GEO. MCGILL,  
J. H. BANKHEAD,  
CARL A. HATCH,  
J. P. POPE,  
LYNN J. FRAZIER,  
ARTHUR CAPPER,

*Managers on the part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

This explanation of the effect of the action of the committee of conference follows the general order of the House bill. The discussion of each of the subjects treated in the House bill or the Senate amendment is set forth under a separate heading. Under each heading will be found in the following order: (1) An explanation of the effect of the House provision, if any; (2) an explanation of the effect of the Senate amendment, if any; and (3) the action recommended by the conference committee with an explanation thereof if a provision different from that of the House bill or Senate amendment is recommended by the committee. The subjects are treated under the following headings:

1. Short title.
2. Declaration of policy.
3. Amendments to Soil Conservation and Domestic Allotment Act.
  - (a) Generally.
  - (b) Acreage allotments generally.
  - (c) Farm acreage allotments—wheat.
  - (d) Farm acreage allotments—cotton.
  - (e) Farm acreage allotments—corn.
  - (f) Farm acreage allotments—rice.
  - (g) Acreage planted less than farm acreage allotment.
  - (h) Normal yield.
  - (i) Conditions of payments.
  - (j) Use of diverted acres.
  - (k) Reductions in payments.
  - (l) Tenant provisions.
  - (m) Apportionment of funds.
  - (n) Effective date.
4. Definitions.
5. Adjustments in freight rates.
6. New uses and markets.
7. Amendments to section 32.
8. Continuation of Federal Surplus Commodities Corporation.
9. Loans on agricultural commodities.
10. Consumer safeguards.
11. Adjustment contracts (corn and wheat).
12. Parity payments (cotton, corn, and wheat).
13. Ever-normal granary and acreage diversion for wheat and corn.

14. Base acreages for wheat and corn.
15. Marketing quotas—tobacco.
16. Marketing quotas—corn.
17. Marketing quotas—wheat.
18. Marketing quotas—cotton.
19. Export bounty on cotton.
20. Marketing quotas—rice.
21. Publication and review of quotas, etc.
22. 1937 cotton price adjustment payments.
23. 1937-38 cotton loan.
24. Utilization of local agencies.
25. Personnel.
26. Separability.
27. Appropriations.
28. Administrative expenses.
29. Allotment of appropriations.
30. Report of money payments to Congress.
31. Miscellaneous provisions of Senate amendment not contained in House bill.
32. Surplus Reserve Loan Corporation.
33. Cotton pool certificates.
34. Investigation for crop insurance.
35. Crop insurance.

#### 1. SHORT TITLE

The House bill (sec. 1) and the Senate amendment (sec. 1) have the short title "Agricultural Adjustment Act of 1937." The conference agreement adopts the same provision with a clerical change in the date.

#### 2. DECLARATION OF POLICY

The House bill (sec. 1) declares the policy of Congress to be to continue the Soil Conservation and Domestic Allotment Act to conserve and restore soil resources; to encourage soil-building crops and practices and to regulate in interstate and foreign commerce soil-depleting crops; to assist farmers to accomplish such purposes by securing, so far as practicable, parity of prices and income; and to assist in marketing farm commodities through storage, providing for reserve supplies and to assist in marketing commodities for domestic consumption and export. It relates to all agricultural commodities.

The Senate amendment (sec 2) declares the policy of Congress to be to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such flow of those commodities as will maintain parity of prices and income for farmers marketing them, and, without interfering with parity prices, will provide an ever-normal granary for each such commodity and conserve soil resources and prevent the wasteful use of soil fertility.

The conference agreement (sec 2) retains the substance of both provisions and emphasizes the exercise of the interstate commerce power in connection with the regulation of the marketing of cotton wheat, corn, rice, and tobacco, and also indicates that the powers are to be exercised to assist consumers to obtain an adequate and steady supply of these commodities at fair prices

#### 3. Amendments to Soil Conservation and Domestic Allotment Act.

## (a) GENERALLY

The House bill (sec. 2) and the Senate amendment (sec. 80 (a), (b), (c), and (e)) amend the Soil Conservation and Domestic Allotment Act, generally, as follows:

(1) The House bill (sec. 2) and the Senate amendment (sec. 80 (a)) authorize the Secretary to exercise his powers to make payments or grants of aid under that act so as to carry out the purpose of reestablishment of the ratio of farmers' income to the income of other persons that prevailed during the base period. The conference agreement retains this provision.

(2) The House bill (sec. 2) added to section 8 (b) of that act a provision under which the Secretary is authorized to measure payments or grants to agricultural producers by their equitable share, as determined by him, of the normal national production of any commodity (1) required for domestic consumption, or (2) required for domestic consumption and export.

The Senate amendment (sec. 80 (b)) authorizes a measure based upon producers' equitable share of the production of any commodity required for domestic consumption and export, but provides for an adjustment to reflect the extent to which producers' utilization of cropland conforms to farming practices which the Secretary determines will best effectuate the purposes of section 7 (a) of the present law. The conference agreement retains the Senate provision.

The Senate amendment (sec. 80 (c)) also provides that in determining the amount of any payment or grant so measured, the Secretary shall take into consideration and give equal weight to two factors. First, the national acreage required to be devoted to the crop or group of crops, or farming practices, in order to provide adequately for domestic consumption and exports and the value of the production of the commodity or commodities on such national acreage on the basis of average values during the previous 10 years. Second, the national average acreage (including diverted acres) devoted to production in excess of the acreage for the 10-year period so required and the value of production from the excess areas on the basis of average values during the 10-year period. The House bill contained no comparable provision. The conference agreement omits this provision.

(3) The House bill (sec. 2) provided that in arid and semiarid regions the authority to make payments or grants measured by farmers' treatment or use of land for soil restoration and conservation and payments or grants on account of land use shall be construed to include water conservation and beneficial use of water on individual farms. The Senate amendment contains no comparable provision. The conference agreement retains this provision.

(4) The House bill (sec. 2) directed the Secretary to utilize in the administration of the Soil Conservation and Domestic Allotment Act local committees upon which tenants and sharecroppers should have fair representation. The members were to be appointed by the Secretary from among agricultural producers on the advice and recommendation of producers in the locality who are participators in the program. The comparable provision of the Senate amendment (sec. 62 (b) (1)) does not directly amend the Soil Conservation and Domestic Allotment Act. It provides for designation by the Secretary of local administrative areas as units for administration of

programs under the Soil Conservation Act, the Senate amendment, and such other agricultural laws as the Secretary may specify. Farmers in the local area who are participating or cooperating are to elect a local committee from their number. The chairmen of the local committees are to constitute the county committee. The county committee elects an administrative committee of three. The county agent is secretary of the county committee and is the Secretary of Agriculture's representative in the county. A State committee of five farmers who reside in the State is to be appointed by the Secretary. Before appointing members of the State committee, the Secretary is to consult with and give consideration to recommendations of the State director of agricultural extension and of representatives of leading State-wide farm organizations. The Secretary is given power to issue regulations to carry out the provisions described above. No payment is to be made to a State, county, or local committee except for services performed or expenses incurred in the State.

The conference agreement authorizes the Secretary to designate local administrative areas as units for the administration of programs under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act. Local areas so designated cannot extend beyond county lines but may include less than a county. Cooperating farmers in the local area are to elect annually from their number a local committee of not more than three farmers. The local committee is to select a secretary and may utilize the county agent for the purpose. If there is only one local area in the county, the local committee is the county committee and has all the powers of a county committee.

Farmers in each local area are to elect annually a delegate to a county convention. The delegates from the local areas are to elect a county committee of three farmers in the county. The county committee is to select a secretary who may be the county agent. If the county agent is not elected secretary, he is to be ex officio a member of the county committee. In no case is the county agent to have power to vote on the county or local committee.

The conference agreement provides for a State committee composed of not less than three nor more than five farmers in the State. They are appointed by the Secretary. The State director of the extension service is ex officio a member of the State committee.

The Secretary is given power under the conference agreement to prescribe regulations relating to the selection of committees and the exercise of their powers and to the administration of programs under their jurisdiction.

Section 388 of the conference agreement makes the provisions described above apply so that the same local committees and areas are used for the new programs contemplated under the bill. Section 388 (b) requires the Secretary to make payments to county committees to cover estimated administrative expenses under acts under which they cooperate. These expenses may be deducted pro rata from payments under soil conservation, loans, or other payments. Such payments to committees may be made in advance of performance by farmers.

(5) The House bill (sec. 2) added to the present law a provision under which in the administration of the Soil Conservation and Domestic Allotment Act the Secretary is to accord such recognition

and encouragement to cooperatives owned and controlled by producers as is in harmony with the policy toward cooperatives of existing acts and will tend to promote efficient methods of marketing and distribution. The Senate amendment contains no comparable provision. The conference agreement retains this provision.

(6) The House bill (sec. 2) omits the provision of the present law under which the Secretary is denied power to enter into contracts binding upon producers. The Senate amendment (sec. 80 (e)) affirmatively grants him power to enter into contracts with producers. The conference agreement is the same as the House provision.

(7) The House bill (sec. 2) adds a provision to the present law under which rules and regulations governing payments or grants are to be as simple and direct as possible and payments are to be classified, so far as practicable, on two bases: First, soil-depleting crops and practices, and, second, soil-building crops and practices. The Senate amendment contains no comparable provision. The conference agreement retains the House provision.

#### (b) ACREAGE ALLOTMENTS GENERALLY

The House bill (sec. 2) inserted in section 8 of the Soil Conservation and Domestic Allotment Act, a new subsection, paragraph (1) of which provides for ascertainment and apportionment of acreage allotments in the case of cotton, wheat, corn, and rice. The national acreage allotment for each of these commodities is to be ascertained annually by the Secretary. That amount is to be apportioned annually among the States, and the State acreage allotment among the counties or other areas in the State, on the basis of acreage devoted to the production of the commodity during the previous 5 years in the case of cotton and rice, and the previous 10 years in the case of wheat and corn. For applicable years there are to be added the acres diverted under previous adjustment and conservation programs. Adjustments are to be made for abnormal weather conditions and trends in acreage during the period. The Senate amendment contains no comparable provision. The conference agreement omits the provisions relating to cotton and rice. It retains the provisions relating to wheat and corn but the ascertainment of the number of acres is based upon acres seeded for the production of wheat or corn rather than acres devoted to the production of such commodities. Further, there is to be no allotment to administrative areas. The allotment is made to the county.

#### (c) FARM ACREAGE ALLOTMENTS—WHEAT

Paragraph (2) of the amendment added to section 8 of the Soil Conservation and Domestic Allotment Act by section 2 of the House bill provides for the apportionment of the wheat allotment which is made to the county or other administrative area among farms in the county or area. Ninety-seven percent of the local allotment is to be apportioned by the Secretary, through the local committee, among farms so that the allotment to each farm is a uniform percentage throughout the locality of the average of the tilled acres (during the previous 5 years) on the farm. An exception is made to this rule under which if wheat has been planted during 2 years or less of the 5-year period the allotment is one-half what it would otherwise be.

Similarly, if wheat has been planted 3 years the allotment is three-fourths, or if planted 4 years, the allotment is four-fifths, of the amount it would otherwise be. Three percent of the local allotment is to be apportioned to farms on which wheat has been planted during none of the previous 5 years. In determining all wheat allotments to farms under the paragraph the Secretary is to take into consideration the acreage devoted during the 5-year period to cotton, field corn, and rice.

The Senate amendment contains no comparable provision.

The conference agreement substitutes for the House provision a rule under which the county allotment is allotted to farms in the county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 percent of the county allotment may be given to farms on which wheat has not been planted during any of the 3 years immediately preceding the year in which the allotment is made.

#### (d) FARM ACREAGE ALLOTMENTS—COTTON

Paragraph (3) of the amendment added to section 8 of the Soil Conservation and Domestic Allotment Act by section 2 of the House bill provides for the apportionment of the State cotton allotment to counties and other local areas and for the apportionment of the local allotment to farms. Ninety-five percent of the State allotment is to be apportioned to the counties or other local areas. This apportionment is made in the manner described above on the basis of a 5-year average. That amount is then apportioned to the cotton farms in the county on a uniform tilled-acreage basis. As in the case of wheat, the allotment to farms on which cotton has been planted not more than 2 years, is one-half; if planted 3 years it is three-fourths; and if planted 4 years, is four-fifths, of the allotment which would otherwise be made. Two and one-half percent of the State allotment is to be allotted to farms in the State which were not used for cotton production during any one of the previous 5 years. Two and one-half percent of the State allotment (plus any amount not used under the other 2½ percent provision) is to be allotted to farms operated by owners, tenants, sharecroppers, to which an allotment of not exceeding 15 acres has been made out of the allotment to the locality.

The Secretary is to take into consideration in making all allotments under the paragraph the acreage devoted during the 5-year period to the production of wheat, rice, and corn. In the case of farms on which during the 5-year period the cash income from other cash crops was greater than the cash income from cotton and cottonseed, appropriate reductions in allotments are to be made according to ratios representing current relative values per acre or per unit of cotton and the other commodities, and due consideration is to be given to current trends in uses of the farm.

In no case can the cotton allotment to a farm exceed 60 percent of the tilled acres of the farm.

The Senate amendment contains no comparable provision.

The conference agreement omits the provisions relating to cotton.

#### (e) FARM ACREAGE ALLOTMENTS—CORN

Paragraph (4) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act provides for the apportionment, through the local committee, of the

local corn allotment to farms on the basis of tillable acreage, type of soil, topography, crop-rotation practices, and production facilities. There is no comparable provision in the Senate amendment.

The conference agreement adopts the House provision except that production facilities is omitted as a factor in determining allotments, and there is no apportionment of the allotment to a local administrative area, for allotments are made only to counties.

(f) FARM ACREAGE ALLOTMENTS—RICE

Paragraph (5) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act provides for the apportionment of the State acreage allotment for rice to rice producers in the State. Not less than 97 percent of the State acreage allotment is to be apportioned among such rice producers on the basis of past production; land, labor, and equipment for rice production; crop-rotation practices; and the soil fertility and other physical factors affecting the production of rice. Not more than 3 percent of the State acreage allotment is to be apportioned among producers who for the first time in the past 5 years are producing rice. No such new producer is to be allotted an acreage in excess of 75 percent of the allotment which would otherwise be made to him. There is no comparable provision in the Senate amendment. The conference agreement omits the House provision.

(g) ACREAGE PLANTED LESS THAN FARM ALLOTMENT

Paragraph (6) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act provides that if the acreage planted to any commodity is less than 80 percent of the farm acreage allotment for the commodity the farm acreage allotment is to be 25 percent in excess of the planted acreage. This is merely to provide a rule for payment in case the acres actually conserved prove to have been greater than required under the program. The rule does not affect allotments to other farms. There is no comparable provision in the Senate amendment. The conference agreement retains the provision specifically relating it to corn, wheat, cotton, tobacco, and rice.

(h) NORMAL YIELD

Paragraph (7) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act provides a rule for determining normal yield per acre in the case of cotton, wheat, field corn, and rice. In the case of cotton, wheat, and corn the normal yield is the average yield during the 10 calendar years previous to the year of determination adjusted for abnormal weather conditions and trends in yield. In the case of cotton, wheat, or corn, if on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the production in any year of the 10-year period is less than 75 percent of the average of the other years in the period, that year is to be eliminated in calculating normal yield. In the case of rice the normal yield per acre is to be the average yield during the 5 immediately preceding calendar years. If the normal yield for all lands planted to rice in any year in the State (weighted by

the acreage allotments in the State) exceeds the average yield per acre for the State during the period used, the normal yield for the lands shall be rendered pro rata so that the average of normal yields does not exceed the State average yield. In the case of cotton, wheat, corn, and rice, if for any reason there is no actual yield or the data therefor are not available for any year, an appraised yield for the year is to be used. There is no comparable provision in the Senate amendment.

The conference agreement adopts the House provision but confines its operation to wheat and corn.

#### (i) CONDITIONS OF PAYMENT

Subsection (d) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act provides that payments or grants of aid under subsection (b) of section 8 of that act shall be conditioned upon the utilization of the land with respect to which such payment is made in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a).

Section 80 (f) of the Senate amendment contains similar provisions. It amends section 8 (c) of the Soil Conservation and Domestic Allotment Act by striking out "specified in clause (1), (2), (3) or (4)." The effect of both the House bill and the Senate amendment is the same. Both permit the Secretary to condition payments or grants upon the utilization of the land in conformity with farming practices which he finds tend to effectuate the purposes of clause (5) of section 7 (a) under which the Secretary is given authority to provide for the reestablishment and maintenance of parity of farm income, as well as clause (1), (2), (3), or (4).

The conference agreement adopts the House provision.

#### (j) USE OF DIVERTED ACRES

Subsection (d) of the amendment added by section 2 of the House bill to section 8 of the Soil Conservation and Domestic Allotment Act further provides that payments or grants of aid under subsection (b) of section 8 of that act shall (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) be conditioned upon the utilization of the land so that soil-building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn, shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. The term "for market" is defined to mean for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away. Such term does not include consumption on the farm. An agricultural commodity is deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his livestock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Section 66 of the Senate amendment does not expressly amend the Soil Conservation and Domestic Allotment Act but it conditions payments in the same manner.

The provision of the conference agreement amends the Soil Conservation and Domestic Allotment Act. Payments with respect to a farm (except land that the Secretary determines should not be utilized for the harvesting of crops but for grazing purposes only) shall, if the number of cows kept on the farm and the number of cows in the county used for the production of milk or products of milk for market exceeds the normal number, be conditioned so that soil building and conserving crops planted or produced on acreage equal to the land normally used for production of soil-depleting crops, but not to be so used if the producer is to qualify for payment, shall be used for conserving the soil or for the production of crops for home consumption and not for market. If the county as a whole is in substantial compliance no farmer in the county is to be denied payment. If the county as a whole does not substantially comply then no farmer is denied payment unless the farmer has not substantially complied. Suspension of the provision is provided for in case of shortage of feed by reason of drought, flood, or other disaster. Provision is made for investigation of adverse effects of programs under the act on livestock producers (other than producers of dairy cattle) and poultry raisers. If the Secretary finds such effects, he is to make such provisions with respect to use of diverted acres as he finds necessary to protect the interests of such producers.

#### (k) REDUCTIONS IN PAYMENT

Section 3 of the House bill adds to section 8 of the Soil Conservation and Domestic Allotment Act a new subsection which provides that any payment that would otherwise be made under section 8 of that act shall be reduced by 25 percent of the amount thereof in excess of \$1,000, and that no total payment to any producer for his share of the payment shall exceed \$7,500. Amounts paid to a landlord which represent a tenant's or sharecropper's share of the payment are to be excluded in determining the amount to which the reduction is to be applied in the case of payments made to a landlord. There are also to be excluded amounts representing the landlord's share of a payment with respect to land operated under a tenancy or sharecropper relationship if the division of the payment between the landlord and the tenant or sharecropper is determined by the local committee to be in accordance with fair and reasonable standards of sharing prevailing in the locality. In computing reductions, payment is to be computed separately with respect to performance in any State, Territory, or possession for each year, and the determination of the Secretary as to the status of any producer is to be final. In any such determination, there is to be taken into account the status, if any, of any producer or his predecessor in interest, as of January 1, 1937.

The Senate amendment (sec. 64 (i)) provides that payments to farmers thereunder, and under the Soil Conservation and Domestic Allotment Act, are to be divided among the landowners, tenants, and sharecroppers on any farm, with respect to which the payments are made, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which the payments are paid. The

payments are to be paid directly to the landowners, tenants, or sharecroppers entitled thereto. If the total amount of such payments, except payments under section 6 (c) of the Senate amendment (relating to payments computed under the Soil Conservation and Domestic Allotment Act in case they are greater than the parity payments computed under the Senate amendment) to any person with respect to any year would exceed \$600, such amount is to be reduced by 25 percent of that part of the amount in excess of \$600 but not in excess of \$1,000, by 60 percent of that part of the amount in excess of \$1,000 but not in excess of \$1,500, by 90 percent of that part of the amount in excess of \$1,500 but not in excess of \$2,500, and by 95 percent of that part of the amount in excess of \$2,500.

The conference agreement (sec. 102) adopts the provisions of the Senate amendment relating to division of payments between landlords, tenants, and sharecroppers, except that payments based on soil-building, and soil-conserving practices are to be divided between such persons in proportion to the extent to which they contribute to carrying out the practices. The conference agreement adopts the provisions of the Senate amendment under which payments are to be made directly to the landlords, tenants, or sharecroppers entitled thereto. The conference agreement also provides that payments to all persons shall be computed at rates which will permit the Secretary to set aside enough (within the limits of the appropriation) to make the increased payments provided for. The increases range from a 40 per centum increase if the payment to any person for any farm is less than \$20 to an increase of \$14 if the payment is more than \$60. In no case is the effect of the increase to raise the payment above \$200. The agreement provides for ignoring fractions of a dollar in calculating the percentage increase. Thus if the base payment is \$21.36 the calculation of the percentage increase is made as if the amount were \$21, but the whole \$21.36 is to be added to the increase in computing the total payment.

The conference agreement adopts a provision under which no total payment can exceed \$10,000. This goes into effect with respect to performance in 1939. It does not apply to payments in 1939 for performance in 1938. This \$10,000 limitation is applicable to the total payments made in a State, Territory, or possession in the case of payment to an individual, partnership, or estate. That is, if performance in such cases is in two States, the limitation is computed separately for each State. In all other cases, all performances are added together to apply the limitation.

#### (1) TENANT PROVISIONS

The House bill (sec. 4) added to section 8 of the Soil Conservation and Domestic Allotment Act two new subsections, subsections (f) and (g). The former provides that any change in the relationship between the landlord and the tenants or sharecroppers, with respect to any farm, that would increase over the previous year the amount of payments or grants under section 8 (b) of that Act that would otherwise be made to any landlord, shall not operate to increase such payment or grant to such landlord. Similarly, any reduction in the number of tenants over the average number on the farm during the preceding 3 years that would increase the payments or grants to the landlord that would otherwise be made is not hereafter to operate to increase the payment or grant to the landlord. These provisions do not apply

if on investigation the local committee finds that the change is justified and approves such change in relationship. Such change is not to be approved if in the judgment of the committee the major objective of the landlord in making it is to effect an increase in his benefits. The conference agreement (sec. 103) adopts the substance of the House provision. It omits the language relating to the major objective of the landlord. It also provides that the limitations apply only if the county committee affirmatively finds that the change or reduction is not justified and disapproves it.

The new subsection (g) added to section 8 of the Soil Conservation and Domestic Allotment Act by section 4 of the House bill provides that the whole or any part of a payment which may be made to a tenant or sharecropper may be assigned by him, in writing, to his landlord as security for cash or advances. The assignment, to be valid, must be acknowledged by the tenant or sharecropper and the landlord before the county agent and filed with the county agent. These provisions for assignments are not to authorize any suit against or impose any liability upon the Secretary or any disbursing agent if payment is made without regard to the assignment.

The Senate amendment does not contain any comparable provisions.

The conference agreement (sec. 103) adopts the House provision and makes it applicable to any farmer. The assignment may be made only as security for cash or advances to finance making a crop. An affidavit must be filed stating that the assignment is not made to pay or secure a preexisting indebtedness. Assignments may be made only without discount.

#### (m) APPORTIONMENT OF FUNDS

The House bill (sec. 5) amends section 15 of the Soil Conservation and Domestic Allotment Act (the appropriations section of that act) by adding at the end of section 15 a new paragraph containing a rule for apportioning funds. The funds available for payments (after allowing not to exceed 5 percent for administrative expenses, payments with respect to naval stores, and payments in Hawaii, Alaska, and Puerto Rico) are to be allocated among the commodities produced in continental United States with respect to which payments or grants are to be computed. The Secretary in making the allocation is to take into consideration and give equal weight to (1) the average acreages of the various commodities for the 10 preceding years, including an acreage of pasture which bears the same proportion to the acreage of all crops that the farm value of livestock and livestock products produced from pasture bears to the farm value of all crops; (2) the value at parity prices of the production from the allotted acreages of the various commodities, including with respect to pasture the value at parity prices of that portion of livestock and livestock products produced from pasture; (3) the average acreage during the preceding 10 years in excess of the allotted acreage for the year with respect to which the payment is made; and (4) the value based on average prices for the preceding 10 years of the production of the excess acreage determined under (3). The rate of payment to the producers of each commodity is to be such that the estimated total payments with respect to the commodity shall equal the funds allocated to it. For the purpose of allocating funds and computing payments or grants the Secretary may consider as one commodity a group

of commodities or a regional or market classification of a commodity.

The Senate amendment does not contain any comparable provision.

The conference agreement (sec. 104) amends section 15 of the Soil Conservation and Domestic Allotment Act by adding a rule for apportioning funds. Allowance for administrative expenses is to be made in addition to a 5-percent allowance for payments with respect to range lands, non crop pasture lands and naval stores. The conference agreement contains no provision for allowance for payments in Hawaii, Alaska, and Puerto Rico. In allocating the funds to commodities the Secretary is to take into consideration and give equal weight to (1) the average, for the 10 years 1928 to 1937, of the acreage planted to the various commodities (including the acreage of rotation pasture) adjusted for abnormal weather and other conditions plus the acreage diverted in such years from production of such commodities under agricultural adjustment and conservation programs; (2) the value at parity prices of the production, as determined by the Secretary, of the various commodities on their allotted acreage for the year with respect to which the payment is made; (3) the excess, over the allotted acreage for the year with respect to which the payment is made, of the average for the 10 years 1928-1937 of the acreage planted to the various commodities, including the acreage diverted in such years from the production of such commodities; (4) the value, based on average prices for the preceding 10 years, of the production, as ascertained by the Secretary, on the excess acreage determined under item 3.

The rate of payment to the producers of each commodity is to be such that the estimated total payments with respect to the commodity shall equal the funds allocated to it. For the purpose of allocating funds and computing payments or grants, the Secretary is authorized to consider as one commodity a group of commodities or a regional or market classification of a commodity. The Secretary is authorized to use funds allocated to two or more commodities produced on farms of a designated regional or other classification in computing payments with respect to one of such commodities on farms on which both are produced and to use for special programs for a county an amount equal to the estimated payments which would be made in the county. The conference agreement contains also a provision that farm acreage allotments shall be made for wheat in 1938 but that in determining compliance wheat shall be considered with other crops for which special acreage allotments are not made.

#### (n) EFFECTIVE DATE

The House bill (sec. 6) provides that the amendments made by the bill to the Soil Conservation and Domestic Allotment Act are first to be effective with respect to farming operations carried out in the calendar year 1938.

The Senate amendment does not contain any comparable provision.

The conference agreement (sec. 104) adopts the House provision.

#### 4. DEFINITIONS

The House bill (sec. 7 (a) (1)) defined "parity" of prices so that it applied to all commodities. The Senate amendment definition applies only to cotton, wheat, corn, tobacco, and rice. Both definitions

provide for a price which will give the commodity its purchasing power during the base period. The Senate amendment (sec. 61 (a) (2)) provides that the price shall reflect contrasts in freight rates between the base period and the time of ascertaining parity, which the House bill does not. The Senate amendment makes adjustments on account of contrasts in interest payments, tax payments, and freight rates applicable to tobacco which has a base period 1919 to 1929. The similar provision of the House bill made its adjustments only to commodities having a base period 1909 to 1914; that is, commodities other than tobacco.

The conference agreement (sec. 301 (a) (1)) adopts the House provision except that freight rates are to be considered in reflecting contrasts.

Parity of income is defined in the House bill (sec. 7 (a) (2)) to mean the net aggregate income of farmers that bears to the income of persons other than farmers the relation of the 1909 to 1914 period. The Senate definition (sec. 61 (a) (3)) is the same except that "aggregate" is omitted and "individuals" is substituted for "persons." The conference agreement (sec. 301 (a) (2)) defines parity of income to be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation that prevailed during the period August 1909 to July 1914.

The definition of "interstate and foreign commerce" in the House bill (sec. 7 (a) (3)) and "interstate or foreign commerce" in the Senate amendment (sec. 61 (a) (16)) is the same except that the House bill includes within that term commerce wholly within a Territory, Puerto Rico, or the District of Columbia, which the Senate amendment does not. The conference agreement (sec. 301 (a) (3)) adopts the House provision.

The House bill (sec. 7 (a) (4)) defines "affect interstate commerce and foreign commerce" and the Senate amendment (sec. 61 (a) (7)) defines "affect interstate or foreign commerce" in the same manner except that the Senate amendment is more extensive in including within it "other things." The conference agreement (sec. 301 (a) (4)) defines "affect interstate and foreign commerce" but in other respects adopts the Senate provision.

The terms "United States," "State," "Secretary," "Department," and "person" are defined the same way in the House bill, the Senate amendment, and the conference agreement.

The differences between the other definitions in the House bill and the Senate amendment and the effect of the definitions used in the conference agreement are discussed in connection with the subjects to which the definitions relate.

Under the House bill, the latest available statistics of the Federal Government are to be used by the Secretary in ascertaining "total supply," "normal year's domestic consumption," "normal year's exports," "reserve supply level," "parity" as applied to prices and income, and national average yields. Under the Senate amendment, the latest available statistics of the Department of Agriculture are to be used by the Secretary in ascertaining "total supply," "normal year's domestic consumption," "normal year's exports," "parity" as applied to prices and income, and "current average farm price." The conference agreement (sec. 301 (c)) requires the Secretary to use the latest

available statistics of the Federal Government in making determinations required to be made by him under the bill.

#### 5. ADJUSTMENTS IN FREIGHT RATES

The House bill (sec. 201) authorized the Secretary of Agriculture to make complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of any farm products and to prosecute such complaints. Before proceeding to hear and dispose of any complaint filed by any person other than the Secretary, involving the transportation of farm products, the Interstate Commerce Commission must cause the Secretary to be notified and, upon his application, must permit him to appear and be heard. For the purpose of these provisions the Interstate Commerce Commission is authorized to avail itself of the cooperation, records, services, and facilities of the Department of Agriculture. The Secretary is also authorized to cooperate with and assist cooperative associations of farmers making complaint to the Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products.

The Senate amendment contains no comparable provisions.

The conference agreement (sec. 201) adopts the House provision with changes. If the application (brought either by the Secretary or any other person) is one involving the public interest, upon request of the Secretary, the Commission is required to make the Secretary a party to the proceeding. In such case the Secretary is to have all the rights of a party before the Commission. Furthermore, the Secretary has the rights of a party to bring and prosecute judicial proceedings involving the Commission's decision. Such proceedings may be original or appellate. In any such case the liability of the Secretary is limited to costs.

#### 6. NEW USES AND MARKETS

The House bill (sec. 202 (a)) authorizes not to exceed \$10,000,000 of the sums made available under appropriations authorized by the bill for each fiscal year to be utilized by the Secretary for the establishment, equipment, maintenance, and administrative expenses of laboratories and other research facilities for research into and development of new, scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof. One million dollars of the fund is allocated to the Secretary of Commerce to be expended for the promotion of the sale of farm commodities and the products thereof in such manner as he shall direct. The sum available to the Secretary of Agriculture is to be available for such purposes, in such amounts, and for such work, carried on by the Department of Agriculture alone or by States and Territories and their agencies and subdivisions in cooperation with the Department, as the Secretary shall determine. No part of the sum is to be available for expenditure in any State or Territory in cooperation with such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has (heretofore or hereafter) appropriated not less than \$250,000 for the establishment of physical facilities suitable for use in carrying out the section.

The Senate amendment (sec. 67 (a)) authorizes and directs the Secretary to establish, equip, and maintain four regional research laboratories for the development of industrial uses for agricultural products, to conduct at such laboratories researches into and development of new scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof. Such laboratories are to be known respectively as the Northeast Regional Farm Products Utilization Laboratory, the Midwest Regional Farm Products Utilization Laboratory, the Western Regional Farm Products Utilization Laboratory, and the Southern Regional Farm Products Utilization Laboratory. The northeast region is to be composed of the States of Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. The midwest region is to be composed of the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The western region is to be composed of the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The southern region is to be composed of the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

Each regional laboratory is to be established only if the State in which it is to be located provides suitable lands without expense to the United States, and the sum of \$250,000 to defray the expenses of the construction of suitable buildings. The Secretary not later than 10 days after the enactment of the act must transmit to the Governor of each of the States in each of the farm regions information concerning the lands necessary to provide a suitable site for the laboratory. If on or prior to March 1, 1939, any of the States submit to the Secretary an offer to provide the lands and money required, with satisfactory guaranties of performance, the Secretary is to accept, from among the offers submitted from each region, the offer of the State in each region deemed by him most desirable for the location of the laboratory for that region. Upon the acceptance of the offer of any State, the Secretary is to accept in the name of the United States title to the land offered, and the money offered by the States is to be covered into the United States Treasury as a public fund to be used for the purposes described. A separate account is to be kept for each region (sec. 67 (b)).

The Secretary is authorized and directed to construct on the lands acquired laboratories, suitable buildings, and appurtenances thereto at a cost not to exceed \$250,000 and is authorized to acquire necessary equipment, apparatus, and supplies. He is further authorized to cooperate with other Federal agencies, and with State agencies, universities, experiment stations, and other agencies and institutions, and with other organizations, corporations, associations, societies, and individuals, upon such terms and conditions as he may prescribe (sec. 67 (c)).

Out of funds made available by the Senate amendment, not to exceed \$2,000,000 is authorized to be utilized by the Secretary for the fiscal year ending June 30, 1939. One-fourth of this amount is to be allocated to each of the laboratories, and one-half of the amount

allocated to each laboratory is to be used for furnishings and equipment of the laboratory. The other half, or so much thereof as may be necessary, is to be used for the operation, maintenance, and administrative expenses of the laboratory for the fiscal year ending June 30, 1939. For the fiscal year beginning July 1, 1939, and for each succeeding fiscal year, a sum of not to exceed \$1,000,000 is authorized to be appropriated for operation, maintenance, and administrative expenses of the laboratories. One-fourth of this sum is to be allocated to each of the laboratories. Ten percent of the appropriations may be expended for administrative purposes in the District of Columbia (sec. 67 (d)).

The Secretary is further authorized to establish from time to time, as funds are provided other than funds available under the Senate amendment, additional units on land acquired under the amendment for expanding the facilities in any one or all of the laboratories. The additional units are to be used for research into any or all farm products or byproducts grown with any of the States comprising the region, where such products or byproducts offer promising possibilities for new and wider industrial outlets for such agricultural products (sec. 67 (e)).

The Secretary is directed in the Southern Regional Farm Products Utilization Laboratory, first, to conduct research with respect to chemical, physical, and physiological properties and utilization and preservation of cotton and its byproducts, and the collection, harvesting, preservation, and industrial utilization of whole cotton as a raw material for the manufacture of cellulose, cellulosic materials, and lignin and lignin derivatives, and so forth, with a view to development of wider uses of cotton by industry. The results of the research, experiments, investigations, tests, and demonstrations in all the laboratories are to be made public (sec. 67 (g)).

The conference agreement (sec. 202) requires the Secretary to establish, equip, and maintain four regional research laboratories. A laboratory is to be established in each major farm area. The research conducted is to be into new scientific, chemical, and technical uses and new and extended markets for farm commodities and their products and by-products. The extension of markets is not to include dissemination of market information and reports. The research is to be devoted primarily to those commodities of which there are regular or seasonal surpluses.

Beginning with the fiscal year 1939, the Secretary is authorized, out of whatever appropriations may be made under the act or out of Soil Conservation and Domestic Allotment Act appropriations, to use not to exceed \$4,000,000 annually for the purpose. One-fourth of the sum is to be allotted to each of the laboratories.

The Secretary is given power to acquire land and other property for the laboratories, and to accept donations from any source and utilize voluntary and uncompensated services. Donations to any particular laboratory must be devoted to its use and not to others. The Secretary is given power to cooperate with Federal and State agencies and private research and scientific and other organizations. The Secretary is also required to submit an annual report of the activities and expenditures of each laboratory and of the donations made to it.

Out of sums appropriated under the act or from sums under the Soil Conservation and Domestic Allotment Act, \$1,000,000 is allocated to the Secretary of Commerce for each fiscal year beginning after June 30, 1938, for the promotion of the sale of farm commodities. One hundred thousand dollars of the fund for the fiscal year 1939 is to be devoted to a survey of causes of reduction in exports of American farm commodities and of methods by which sales to foreign countries may be increased (sec. 202 (f)).

Both the House bill (sec. 202 (b)) and the Senate amendment (sec. 67 (f)) make it the duty of the Secretary to utilize available funds to stimulate and widen the use of farm products and to increase the flow of such products in world markets. This provision is retained in the conference agreement (sec. 202 (g)).

#### 7. AMENDMENTS TO SECTION 32

The House bill (sec. 203) amends section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes" by omitting the prohibition on the use of funds therein appropriated for the payment of benefits in connection with the exportation of unmanufactured cotton. Section 32 is further amended by adding to it a provision providing that after June 30, 1939, not more than 25 percent of the funds made available by section 32 shall be devoted during any fiscal year to any one agricultural commodity or the products thereof.

The Senate amendment does not contain comparable provisions. The conference agreement (sec. 203) adopts the House provision with clarifying changes.

#### 8. CONTINUATION OF FEDERAL SURPLUS COMMODITIES CORPORATION

The House bill (sec. 204) continues the Federal Surplus Commodities Corporation as an agency of the United States without limitation as to time.

The Senate amendment does not contain any comparable provision.

The conference agreement (sec. 204) continues the Corporation as an agency until June 30, 1942, and requires an annual report of its activities, receipts, and expenditures.

#### 9. LOANS ON AGRICULTURAL COMMODITIES

The House bill (sec. 221) authorized the Commodity Credit Corporation, upon recommendation of the Secretary and with the approval of the President, to make loans on agricultural commodities (including dairy products). The amount, terms, and conditions of the loans were to be fixed by the Corporation with the approval of the Secretary and the President.

The Senate amendment (sec. 5 (a)) provides for the making of loans on agricultural commodities by the Surplus Reserve Loan Corporation created under the amendment.

Section 5 (a) of the Senate amendment provides the terms of loans upon wheat and corn produced for market. These loans are mandatory. In the case of corn the rate of loans is fixed under a schedule and in accordance with the relationship of total supply to normal supply. (Under the Senate amendment "normal supply" is a normal

year's domestic consumption and exports plus 5 percent; "total supply" is carry-over plus estimated production of the current year.) The loan rate varies from 85 percent of parity when the total supply is 100 percent of normal supply to 52 percent of parity when the total supply is 114 percent or more of the normal supply. The rate on wheat loans ranges (but not in accordance with a prescribed schedule of relationships to any factor) from 52 to 85 percent, inclusive, of parity. Wheat loans and corn loans can be made only to cooperators, that is, to persons who have entered into adjustment contracts provided for in the amendment. An exception, applicable to corn only, directs the Corporation to make loans to noncooperators when farm marketing quotas are in effect on their stock of the crop in excess of their farm marketing quotas. Such loans are to be at a rate of 70 percent of the rate of loans to cooperators. Loans on wheat and corn are to be made only on the security of stocks insured and stored under seal.

Section 5 (b) of the Senate amendment authorizes the Corporation to make loans on all other agricultural commodities. Such loans are to be made only on the security of stocks insured and stored. The amount, terms, and conditions of such loans are to be fixed by the Corporation, taking into account maintenance of foreign outlets and the effect of prospective production on the value of the stock held or to be acquired as security.

Section 5 (c) of the Senate amendment contains a provision applicable to all commodities on which loans may be made, under which they shall be deemed stored under seal only if stored in such places as conform to requirements prescribed by the Secretary.

Under section 5 (d) of the Senate amendment loans are not to be available on cotton, wheat, corn, tobacco, or rice, from the time the results of a referendum for marketing quota purposes are announced, if the vote is against the quota, until the beginning of the second succeeding marketing year.

The conference agreement (sec. 302) provides that the loans are to be made by the Commodity Credit Corporation upon recommendation of the Secretary and with the approval of the President. The general authority to make loans contained in the House bill is retained. The amounts, terms, and conditions of the loans are to be fixed by the Secretary with the approval of the Corporation and the President. This statement is subject to exceptions in cases in which the bill fixes rates, amounts, and terms of loans which may not be varied.

Mandatory loans are provided for on wheat in a marketing year if on July 15, the farm price of wheat is below 52 percent of parity or the July crop estimate is in excess of a normal year's domestic consumption and exports. Loans are then to be made to cooperators at not less than 52 percent and not more than 75 percent of parity price as of the beginning of the marketing year. Loans shall be made to noncooperators if marketing quotas are in effect for the marketing year. These loans are at rates equal to 60 percent of the rate to cooperators and may be made only on the wheat of a noncooperator which is subject to marketing quota restrictions.

Similarly, mandatory loans are made on cotton if on August 1 the average price on the 10 markets of seven-eighths Middling spot cotton is below 52 percent of parity or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports.

The rates are to be not less than 52 percent and not more than 75 percent of parity price for cotton at the beginning of the marketing year. These rates apply to loans to cooperators. If marketing quotas are in effect for the marketing year, loans are to be made to noncooperators at 60 percent of the rate to cooperators. Such loans may be made only on the amount subject to marketing quota restrictions.

Mandatory loans are provided for on corn during any marketing year when the November crop estimate is in excess of a normal year's domestic consumption and exports or if at the beginning of the marketing year the farm price of corn is below 75 percent of parity price. The rates of the loans are specified and range from 75 percent of parity to 52 percent of parity. In general, it can be said that the rate is lower as the supply increases. These are the rates applicable to cooperators in the commercial corn-producing area. Loans to noncooperators in the commercial corn-producing area shall be made when marketing quotas are in effect but only on corn stored under seal in compliance with the storage requirements of the bill. The rate in such cases is 60 percent of the rate to cooperators. Loans shall be made to cooperators outside the commercial corn-producing area at 75 percent of the rate of loans to cooperators within the commercial corn-producing area.

The Secretary is given the power to modify the rate of loans on commodities above or below standard so as to reflect differences from standard.

Cooperators are producers on whose farms the acreage planted does not exceed the applicable amount under the farm acreage allotment of the marketing quota provisions. In the case of a producer outside the commercial corn-producing area, he is a cooperator if his acreage planted to soil-depleting crops does not exceed his acreage allotment for such crops under the Soil Conservation and Domestic Allotment Act. A producer is deemed to have exceeded his acreage allotment only if he knowingly did so.

Loans are not to be made on a commodity after an adverse referendum on marketing quotas with respect to the commodity until the beginning of the second succeeding marketing year following the vote.

Provision is made under which no producer is to be personally liable for deficiencies arising out of sale of the collateral unless the loan was obtained by fraudulent misrepresentation.

The Commodity Credit Corporation is directed, with the consent of the Secretary, to utilize the services, facilities, and personnel of the Department of Agriculture in carrying out the loan provisions.

#### 10. CONSUMER SAFEGUARDS

The House bill (sec. 222) provides that powers under the bill shall not be used to discourage the production of supplies of food and fiber sufficient to maintain normal domestic consumption as determined by the Secretary from the records for such consumption in 1920-29, taking into consideration increased population, quantities forced into domestic consumption because of decline in exports, current trends in domestic consumption and exports, and substitutes available. Due regard is to be given, in carrying out the bill, to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers.

Section 7 of the Senate amendment provides for consumer safeguards. The Secretary is required whenever the current average price of cotton, wheat, corn, tobacco, or rice is proclaimed to be more than 10 percent above parity to (1) call surplus reserve loans on the commodity, (2) release stocks stored under seal, (3) release stocks held under marketing quota restrictions, (4) dispose of stocks acquired by the Surplus Reserve Loan Corporation. The Secretary is to take these steps to the extent necessary to stabilize the current average price at parity. Stocks acquired by the Corporation, if current average price does not exceed parity, may be disposed of only for human relief, export, or surplus reserve purposes.

The conference agreement (sec. 304) adopts the House provision.

#### 11. ADJUSTMENT CONTRACTS (CORN AND WHEAT)

Section 3 of the Senate amendment requires the Secretary to tender adjustment contracts to farmers who produce corn or wheat for market. There is no comparable provision in the House bill. Corn or wheat is deemed produced for market (and so the farmer is eligible to be tendered and to accept an adjustment contract) in all cases except two. First, when the amount of corn or wheat produced and consumed annually on the farm is more than 75 percent of the aggregate normal yield of the farm's base acreage for the commodity. (The base acreage for each farm for wheat is ascertained by dividing up among all wheat farmers a national base acreage of 67,400,000 acres. Similarly, in the case of corn, a national base acreage of 102,450,000 is divided. See discussion below under "14. Base acreages for wheat and corn.") Second, whenever, the aggregate normal yield of the soil-depleting base acreage of the farm is less than 300 bushels in the case of corn, or 100 bushels in the case of wheat, but in either such case the acreage devoted to the commodity must not exceed the base acreage for that commodity. Even if the aggregate normal yield of the base acreage is less than 300 bushels of corn or 100 of wheat and if 25 percent or more of the aggregate yield is marketed, the farmer may become a cooperator, and so eligible to be tendered an adjustment contract, by indicating his desire to do so to the Secretary (sec. 3 (f)).

Contracting farmers who produce wheat or corn are eligible for Soil Conservation Act payments, surplus reserve loans (see discussion under surplus reserve loans), and parity payments (see discussion under parity payments) (sec. 3 (b)).

The first adjustment contracts are to cover wheat and corn planted for harvest in 1938. They are to be tendered to farmers not later than June 1, 1938.

For years subsequent to 1938 new contracts are to be prepared for such periods (not to exceed 2 years) as the Secretary determines.

Only one contract may be in force for the same period and it must apply to both wheat and corn.

A general limitation provides that adjustment contracts shall not be in effect unless 51 percent of the farmers to whom contracts are required to be tendered have signed them. For 1938 contracts, the date prior to which 51 percent must have signed is June 1; for contracts applicable to succeeding years, the date is January 1 of that year (sec. 3 (d)).

In preparing adjustment contracts, the Secretary is to take into consideration and protect the interests and equities of tenants, landowners, and sharecroppers (sec. 3 (e)).

Contracting farmers who produce wheat or corn are eligible for surplus reserve loans (see discussion under surplus reserve loans), and parity payments (see discussion below under "12. Parity payments") (sec. 3(b)).

If a farmer is eligible to enter into an adjustment contract, Soil Conservation Act payments are to be made to him only if he has entered into such a contract (sec. 4). In lieu of Soil Conservation Act payments with respect to wheat and corn produced for market, cooperators are to get parity payments. If the farmer is eligible to become a cooperator, but produces no wheat or corn for market, he is not to be denied Soil Conservation Act payments, notwithstanding his failure to enter into an adjustment contract, if he devotes to soil-conserving uses the acreage customarily devoted to wheat or corn.

Adjustment contracts require the cooperator to divert acreage from wheat or corn and to store a stated percentage of the commodity under seal (see discussion under "13. Ever-normal granary and acreage diversion").

The House bill contained no comparable provisions. The conference agreement does not provide for adjustment contracts.

## 12. PARITY PAYMENTS

Section 6 of the Senate amendment provides for parity payments in the case of wheat, corn, and cotton. There is no comparable provision in the House bill.

The Secretary is authorized to make parity payments in the case of each such commodity promptly following the close of the marketing year for the commodity (sec. 6 (a)). The first year with respect to which payments may be made is the marketing year ending in 1938 (sec. 6 (d)). The payments are to be made only to cooperators who are engaged in producing the commodity for market. They are to be in lieu of payments with respect to the commodity under the Soil Conservation and Domestic Allotment Act (sec. 6 (a)).

The rate of payment in the case of each commodity is determined in accordance with a schedule of relationships between total supply and normal supply. (Under the Senate amendment "normal supply" is a normal year's domestic consumption and exports plus 10 percent in the case of wheat, 5 percent in the case of corn, and 35 percent in the case of cotton; "total supply" is carry-over plus estimated production of the current year). The payment rate varies from 15 percent of parity when the total supply is 10 percent of the normal supply to 30 percent of parity when the total supply is 114 percent or more of normal supply. A different rule for computing parity payments is provided by section 6 (b) where the difference between the current average farm price and the maximum income rate (as set forth in the schedule) is less than the applicable parity payment rate. The maximum income rate ranges from 100 if the total supply is 100 percent or less of the normal supply to 82 when the total supply is 114 percent or more of the normal supply. In case the difference between the current average farm price and the amount computed by applying to the parity price the applicable percentage found in the maximum income rate column of schedule A, is less than the amount

computed by applying to the parity price the applicable percentage found in the parity payment rate column of schedule A, the rate payment is to equal such difference. Since the rates of payment depend upon the relationship between total supply and normal supply, a situation would be possible in which the total supply was excessive and at the same time the current average farm price near parity. The maximum income rate provisions so operate that in the situation described the farmer will get a payment which, when added to the current average farm price, will in no case exceed parity. In every case but one such payment will result in the farmer's receiving less than parity.

Section 64 (e) of the Senate amendment provides that notwithstanding any other of its provisions, if the aggregate of parity payments payable under schedule A for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments are to be reduced pro rata so that the estimated aggregate amount of such payments will not exceed the funds available for such payments. Section 64 (f) provides that parity payments may be made, subject to the consent of the farmer, in the form of the commodity with respect to which the payment is made, in such amounts as the Secretary determines are equivalent to money payments at the rates determined under schedule A.

The quantity of the production of the farm on which payment is made in the case of wheat and corn is the aggregate normal yield of the soil-depleting base acreage planted to the commodity during the year just closed. If the acreage devoted is more than 90 percent but not more than 100 percent of the permitted acreage, the cooperator is conclusively presumed to have devoted 100 percent of the permitted acreage to production. In the case of cotton the payment is made on the basis of the quantity of cotton produced on the farm. If marketing quotas are in effect on cotton, each farmer is considered a cooperator unless he knowingly fails to comply with his cotton quota allotment (sec. 6 (a)).

The conference agreement provides that if and when appropriations are made for this purpose, the Secretary is to make parity payments to producers of corn, wheat, cotton, rice, and tobacco.

Payments, if made, are to be made on the producer's normal production of the commodity in amounts, together with the proceeds from the commodity, which will provide a return as nearly equal to parity price as the funds will permit. Provision is made that the amounts apportioned to the several commodities will be apportioned in proportion to the amount by which they fail to reach parity income.

### 13. EVER-NORMAL GRANARY AND ACREAGE DIVERSION

#### (WHEAT AND CORN)

Section 9 of the Senate amendment provides for acreage diversion and storage requirements in the case of wheat and corn. These requirements are independent of any marketing quotas on wheat or corn. There are no comparable provisions in the House bill.

Acreage diversion and storage are required only of cooperators, and provision is made by which these requirements are a part of the adjustment contract.

The Secretary is required, after he has proclaimed the total supply of the commodity, to establish and proclaim the ever-normal granary for the year. Ever-normal granary is defined (sec. 61 (a) 13) as a supply adequate for a surplus reserve and is not more than 110 percent of a normal supply. Normal supply is 110 percent in the case of wheat and 105 percent in the case of corn of a normal year's consumption and exports. The Secretary also ascertains and proclaims the percentage, if any, of acreage diversion for the year. No ever-normal granary is to be established for wheat or corn for any year if the Secretary has reason to believe that during the first 3 months of the marketing year the current average farm price will exceed parity. The percentage of acreage to be diverted is the percentage of the national soil-depleting base acreage which the Secretary finds is necessary to be diverted in order to effectuate the declared policy of the Act. In no event is the percentage to be so great that the total supply at the end of the marketing year is likely to be less than the normal supply. In no event is the percentage to be diverted from any type of wheat to be so great that the total supply of that type will be less than the domestic consumption of the type during the marketing year (sec. 9 (a)).

The cooperator is required by his adjustment contract to divert from his production the same percentage of his soil-depleting base acreage as the percentage of the national base which is proclaimed by the Secretary. The cooperator is also required to engage in such soil-maintenance, soil-building, and dairy practices with respect to the soil-depleting base acreage as the contract requires (sec. 9 (b)).

The adjustment contract also requires the cooperator to store under seal up to not exceeding the normal yield of 20 per cent of his soil-depleting base acreage for wheat or corn. This happens only if the Secretary determines that storage is necessary to carry out the declared policy. It cannot be required if the Secretary has reason to believe that during the ensuing 3 months the current average farm price will be more than parity. The period of storage is the whole marketing year or such shorter period as the Secretary prescribes. Cooperators are entitled to surplus reserve loans on the stock stored (sec. 9 (c)).

Production on acreage in excess of base acreage or failure to divert when required deprives a cooperator of his status as a cooperator and deprives him of surplus reserve loans and parity payments. In determining these facts, wheat and corn are considered one commodity (sec. 9 (d)).

The conference agreement contains no express provisions relating to ever-normal granary or acreage diversion. The effect of the amounts fixed for marketing is to provide a normal supply and to result in there being diversion of acreage in order to keep within quotas.

#### 14. BASE ACREAGES FOR WHEAT AND CORN

Section 8 of the Senate amendment provides for National, State, and farm base acreages for wheat and corn. These acreages furnish the acreage basis upon which the parity payment and acreage diversion provisions operate in the Senate amendment. There is no comparable provision in the House bill.

Section 8 (b) establishes a national soil-depleting base acreage of 67,400,000 acres for wheat and 102,500,000 acres for corn. These

amounts are allotted by the Secretary among the several States on the basis of acreage devoted to production during the previous 10 years plus, in applicable years, the net acres diverted under adjustment and conservation programs, with adjustments for abnormal weather conditions and trends in acreage during the period. A similar allotment of the State acreage is made among the administrative areas in the State and adds to the standards for adjustment one for the promotion of soil-conservation practices. This last adjustment cannot exceed 2 percent of the total allotment to the local area (sec. 8 (c)).

The local allotment, after deducting the acreage devoted to production on farms on which wheat or corn is not produced for market is allotted to farms in the locality. This is done through the local committees. The farm allotments are to be equitably adjusted among the farms according to tillable acreage, type of soil, topography, and production facilities (sec. 8 (d)).

The base acreage provisions apply to persons whether or not they are cooperators.

There are no comparable provisions in the House bill or in the conference agreement except to the extent that in the case of corn, wheat, and cotton, national acreage allotments are provided which will meet the requirements for marketing.

#### MARKETING QUOTAS—TOBACCO

Both the House bill and the Senate amendment contain a statement of the effect of the marketing of tobacco in interstate and foreign commerce. The statement in the House bill and the Senate amendment is the same except that the Senate amendment uses the expression "interstate or foreign commerce" whereas the House bill used the expression "interstate and foreign commerce." The conference agreement used the expression "interstate and foreign commerce."

The House bill (sec. 302) declared it to be the policy of Congress to promote the maintenance of an adequate and balanced flow of tobacco in interstate and foreign commerce, to provide a reserve supply, and to establish, so far as practicable, parity of income for farmers marketing tobacco. The Senate amendment did not contain any similar provision. The conference agreement omits this declaration of policy.

Both the House bill and the Senate amendment divided the various kinds of tobacco into separate classifications, and the marketing quota provisions were to apply to each of the kinds severally. The House bill treated fire-cured tobacco and dark air-cured tobacco as separate kinds, whereas the Senate amendment treated them as one kind. The conference agreement treats them as one kind.

The House bill omitted type 41 tobacco from the types comprising cigar-filler and cigar-binder tobacco. The Senate amendment included this type in cigar-filler and cigar-binder tobacco. The conference agreement treats type 41 as a separate kind of tobacco and provides that marketing quotas are not to be effective with respect to type 41 prior to the marketing year beginning in 1940.

The House bill provided that upon a finding by the Secretary on November 15 that the total supply of tobacco as of the beginning of the marketing year exceeded the reserve supply level, marketing

quotas were to be in effect during the marketing year next following. The Senate amendment provided that upon a finding by the Secretary on November 15 that the total supply of any type of tobacco as of the beginning of the marketing year exceeded the reserve supply level, marketing quotas were to be in effect during the marketing year next following. The conference agreement limits the finding to kinds of tobacco instead of types of tobacco and makes several clarifying changes.

In both the House bill and the Senate amendment the reserve supply level is the same.

In the case of burley tobacco and fire-cured tobacco, the Senate amendment contained special provisions for marketing quotas. The Senate amendment provided that whenever in the case of burley tobacco, or fire-cured tobacco, respectively, the total supply proclaimed by the Secretary exceeded the reserve-supply level by more than 7 percent, and a national marketing quota was not in effect for the marketing year in which the proclamation was made, marketing quotas were to be in effect from December 1 to the end of such marketing year. The conference agreement also contains special provisions relating to burley tobacco and fire-cured tobacco. The effect of the conference agreement is the same as the Senate amendment in this respect except that (1) the special provisions apply to fire-cured and dark air-cured tobacco (in conformity with the action previously described respecting kinds of tobacco), (2) the provisions operate when the total supply exceeds the reserve supply level by more than 5 percent instead of 7 percent, (3) the provisions are not to apply to the marketing year beginning October 1, 1937, and (4) the quota is to be in effect from the date of the proclamation instead of from December 1.

Under the House bill, the Senate amendment, and the conference agreement, the Secretary is to specify the amount of the national marketing quota in terms of the quantity of tobacco which may be marketed. This amount is an amount which will make available for the marketing year for which the quota is in effect a supply of tobacco equal to the reserve-supply level.

The House bill, the Senate amendment, and the conference agreement provide that within 30 days after the quota proclamation the Secretary is to conduct a referendum. The House bill and the Senate amendment provided that the referendum should be conducted among farmers (and in the House bill, all farmers) who would be subject to the quotas. The conference agreement makes a clarifying change in this provision. Under the conference agreement the farmers who are eligible to vote in the referendum are those who were engaged in the production of the crop harvested prior to the holding of the referendum. The requirement of the House bill that the Secretary conduct a referendum among all the farmers is omitted from the conference agreement for administrative reasons. A referendum should not be subject to being held invalid because the Secretary, although exercising utmost diligence, which of course he is required to exercise, did not ascertain that a particular farmer was engaged in the production of the crop harvested prior to the holding of the referendum. The House bill contained a provision that the referendum should be by secret ballot. The Senate amendment did not contain any comparable provision. The conference agreement has the same effect as the Senate amendment in this respect.

In conformity with the action (described above) with respect to burley tobacco and fire-cured and dark air-cured tobacco, the conference agreement provides for voting separately with respect to each quota, the one for the current marketing year and the one for the next marketing year.

If more than one-third of the farmers voting in the referendum oppose the quota, the Secretary is to so proclaim prior to January 1, and the quota is not to be effective thereafter. This provision is found in the House bill, the Senate amendment, and the conference agreement.

The House bill, the Senate amendment, and the conference agreement contain special provisions in connection with the determination and proclamation of any marketing quota for the 1938-39 marketing year. Inasmuch as the data for the quota proclamation for the marketing year 1938-39 provided for in the House bill and the Senate amendment had already expired, the conference agreement provides that such quota proclamation shall be made within 15 days following the date of the enactment of the act, and the proclamation of the result of the referendum made within 45 days following such date of enactment.

Under the conference agreement, the national marketing quota, for tobacco (less the amount to be allotted to new farms and for increasing allotments to small farms) is to be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years preceding the calendar year in which the quota is proclaimed (plus in applicable years the normal production of the acreage diverted under previous agricultural adjustment and conservation programs). Necessary adjustments for abnormal conditions of production, for small farms, and for trends in production, due consideration being given to seedbed and other plant diseases, are to be made. The marketing quota for flue-cured tobacco for any State is not to be reduced to a point less than 75 percent of the production of flue-cured tobacco in such State for the year 1937. The conference agreement differs from the House bill in the following respects: (1) There was no provision in the House bill for consideration to be given to seedbed and other plant diseases in making adjustments in the allotment to a State and (2) there was no provision in the House bill for not reducing the quota for any State below 75 percent of the State's 1937 production. The conference agreement differs from the Senate amendment in only one respect: The Senate amendment provided that the quota for any State should not be reduced below 80 percent of the State's 1937 production.

Under the House bill (sec. 305 (b)) the Secretary was to provide, through the local committees, for the allotment of the quota for any State (less the amount for new farms and for increasing allotments to small farms) among farms on which tobacco is produced on the basis of past marketing of tobacco, crop-rotation practices, the soil and other physical factors affecting the production of tobacco, and the needs of the family for which the allotment is made. The allotment to any farm under these provisions was not to be less than the smaller of (1) 3,200 pounds in the case of flue-cured tobacco and 2,400 pounds in the case of other tobaccos, or (2) the average tobacco production for the farm during the preceding 3 years, adjusted upward if necessary, so as to equal the normal production of the highest tobacco

acreage grown on the farm in such year plus any tobacco acreage diverted under agricultural adjustment and conservation programs during any of such preceding 3 years. The comparable provisions of the Senate amendment were the same except that (1) due allowance was to be made for drought, flood, hail, other abnormal weather conditions, plant bed and other diseases; (2) there was no provision for making the needs of the family one of the bases for allotment. The conference agreement follows the provisions of the Senate amendment except that in connection with the minimum allotment to any farm, the provisions for adjusting the average tobacco production for the farm for the preceding 3 years upward, is omitted and in lieu thereof provision is made for adding to such average production, the average normal production of any tobacco acreage diverted during such 3 years under previous programs.

The House bill (sec. 305 (c)) provided for the allotment of not in excess of 5 percent of the national marketing quota to new farms and for increasing allotments to small farms receiving the minimum allotment described above. Such allotments were to be made on the basis of land, labor, and equipment available for the production of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco. The allotment to new farms was not to exceed 75 percent of the allotment to farms which were similar with respect to land, labor, and equipment available for the production of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco. The Senate amendment contains provisions similar to those above described except that it makes clear that the allotment to new farms is to be made whether or not the State in which the farm is situated has a State quota. The conference agreement follows the provisions of the Senate amendment.

The House bill, Senate amendment, and conference agreement contain a provision that farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

The provision in the House bill and the Senate amendment relating to the adjustment and suspension of quotas with respect to tobacco is carried in the conference agreement as a general provision applicable to the quotas with respect to each of the commodities. The same thing is true of the provision in the House bill and the Senate amendment relating to the power of the Secretary to terminate a quota because of a national emergency or because of material increase in export demand.

The House bill provided that the marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco was produced was subject to a penalty of 50 percent of the market price of the tobacco on the date of the marketing or if the following rates were higher, 3 cents per pound in the case of flue-cured, Maryland, or Burley, and 2 cents per pound in the case of all other kinds of tobacco. The penalty was to be paid by the person who acquired the tobacco from the producer, but the buyer was required to deduct an amount equivalent to the penalty from the purchase price in case the tobacco was marketed by sale. If the tobacco was marketed through a warehouseman or other agent, the penalty was to be paid by the warehouseman or agent who was required to make such deduction. If the tobacco was marketed to any person outside the United States, the

penalty was to be paid by the producer. All penalties were to accrue to the United States and be remitted to the Secretary.

The comparable provisions of the Senate amendment were the same as the provisions of the House bill except that (1) tobacco marketed for nicotine or other byproduct uses was exempted from penalty and (2) the buyer or warehouseman, as the case may be, was authorized to deduct an amount equivalent to the penalty from the purchase price instead of being required to make the deduction. The conference agreement follows the provisions of the Senate amendment, except that the provision for the penalty accruing to the United States and being remitted to the Secretary is carried in the conference agreement as a general provision applicable to all of the five commodities. The same thing is true of the provisions of the House bill and the Senate amendment relating to the requirement of reports and records, the provision relating to the jurisdiction of the district courts to specifically enforce the provisions relating to tobacco, the provision requiring information acquired by the Secretary to be kept confidential, and the provision directing the Secretary to prescribe rules and regulations with respect to the time and manner of payment of penalties, with respect to the identification of marketings, and such other regulations necessary for the enforcement of the penalties section.

#### 16. MARKETING QUOTAS—FIELD CORN

Under the marketing-quota provisions of the House bill with respect to field corn the Secretary in each year before planting time announced the region which, under the rule laid down in the bill, constituted the commercial corn-producing area. Under the House bill the commercial corn-producing area included all counties in which the average production of field corn, during the 10 calendar years immediately preceding the calendar year in which the area is determined, after adjustment for abnormal weather conditions, was 400 bushels or more per farm, and 4 bushels or more for each acre of farm land in the county. The Secretary was given power, under very definite standards, to include counties within, and exclude counties from, the commercial corn-producing area.

The Secretary, before planting time, also determined, on the basis of the average yield per acre in such area, the number of acres which, if planted to field corn in such area, would produce an amount of field corn which, together with the estimated production outside such area, would equal the reserve supply level. The reserve supply level was defined in the House bill to be a normal year's domestic consumption and exports, plus 15 percent thereof, to insure adequate supplies in years of drought, flood, or other adverse conditions, as well as in years of plenty. After determining such acreage the Secretary allotted it to the various counties in the commercial corn-producing area in accordance with the standard laid down in the bill. The county allotment was then apportioned by the Secretary, through the local committee, to farms within the county on the basis of tillable acreage, type of soil, crop-rotation practices, topography, and production facilities. The acreage allotted to a farm was known as the farm-acreage allotment.

Whenever the Secretary determined in any year from the statistics of the Department, including the August production estimates of the Division of Crop and Livestock Estimates of the Bureau of Agricul-

tural Economics, that the total supply of field corn as of October 1 of such year would exceed the normal supply by more than 15 percent, he so announced, and thereupon marketing quotas were to be in effect in the commercial corn-producing area with respect to crop of field corn grown in such area in such year.

In his announcement the Secretary specified, in terms of a percentage of the acreage allotment, the acreage in the commercial corn-producing area which, on the basis of the estimated yield, would make available, for the marketing year beginning on such October 1, a supply of field corn which, when added to the estimated production outside such area, would equal a normal supply. The percentage thus specified was spoken of throughout the corn provisions of the House bill as the "marketing percentage." The acreage not used as silage in excess of the marketing percentage of the farm-acreage allotment is spoken of as "surplus acres."

A farmer wishing to know how much field corn he might market from his farm had to know (1) his farm-acreage allotment, (2) the marketing percentage specified in the Secretary's quota announcement, (3) the number of acres which he had planted to field corn, (4) his normal yield per acre, and (5) the number of acres of field corn which he used for silage.

Under section 323 of the House bill the farm marketing quota, i. e., the amount which the farmer might market from the farm, was the actual production of his acreage not used as silage less the storage amount applicable to his farm. Section 324 contained the rules for computing the storage amount applicable to the farm.

If acreage planted to field corn not used as silage exceeded the marketing percentage of the farm-acreage allotment, the storage amount was the normal production of the surplus acres.

To prevent hardship in the case of farmers whose actual yield was below their normal yield, the House bill provided that in no case should the storage amount exceed the difference between the estimated total production of field corn not used as silage on the farm and the normal production of the marketing percentage of the farm-acreage allotment.

Under the House bill no farm marketing quota with respect to field corn was applicable to any farm where the normal production of the acreage planted to field corn was less than 400 bushels. No farm marketing quota, with respect to field corn, was applicable to any farm where the storage amount for the farm would be less than 100 bushels. No farm marketing quota with respect to field corn was applicable to any farm where the acreage of corn not used as silage did not exceed the marketing percentage of the farm-acreage allotment.

The Secretary was required to make his quota announcement not later than August 15 of the year in which the quota was to go into effect.

The House bill provided that whenever it appeared from the September production estimates of the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department that the total supply of field corn as of October 1 would be less than the normal supply plus 15 percent thereof, the Secretary must announce such fact prior to September 20; and if farm marketing quotas had been announced, such quotas thereupon became ineffective.

Within 20 days after the announcement of quotas with respect to field corn, the Secretary was required to conduct a referendum. If more than one-third of the farmers voting opposed the quota, the quota was not to become effective.

The House bill provided that any farmer who, while any marketing quota was in effect with respect to any crop of field corn, marketed any field corn from such crop in excess of his farm marketing quota, was subject to a penalty for the excess so marketed at the rate of 15 cents per bushel. A farmer was presumed to have complied with his farm marketing quota with respect to any crop of field corn as long as there was stored under seal on his farm an amount of field corn equal to the applicable storage amount. If there was not stored under seal on the farm an amount of field corn equal to the applicable storage amount, the farmer was presumed to have marketed field corn in excess of his quota to the extent that the amount stored was less than the applicable storage amount. In an action brought to collect the penalties the farmer had the burden of proving that he did not market field corn in excess of his quota.

Under the House bill the Secretary had the power to terminate quotas on field corn or increase quotas and decrease storage amounts in circumstances such as those outlined generally in the case of tobacco. In addition, in the case of field corn, release of storage amounts was provided for within counties or areas and on farms under circumstances where it could be said that there was an inadequate supply in the county or area, or on the farm, for feeding or for market. These provisions were designed to provide an ever-normal supply for the county, area, or farm.

Under the House bill the Secretary was required to ascertain and announce the total supply, the normal supply, and the reserve supply level for a marketing year, not later than September 1 of the calendar year in which the marketing year began. The Secretary was required to ascertain and announce the commercial corn-producing area not later than February 1 of each year.

Under the marketing-quota provisions with respect to corn of the Senate amendment, whenever on September 1 the Secretary has reason to believe that the total supply of corn as of October 1 will exceed the normal supply by more than 10 percent, he is to hold hearings at convenient places within the areas where corn is produced to ascertain the facts with respect to total supply. If the Secretary determines on the basis of the hearings that the total supply will exceed the normal supply by the percentage above specified, he is to proclaim the amount of the total supply and that beginning on the 15th day after the date of the proclamation, a national marketing quota is to be in effect with respect to the current crop. No proclamation is to be issued with respect to such crop if the Secretary has reason to believe that during the first 3 months of the marketing year the current average farm price for the commodity will be more than the parity price.

The Senate amendment defines a normal supply of corn to be a normal year's domestic consumption and exports of corn plus 5 percent thereof as an allowance for a normal carry-over. The Secretary is to specify in the proclamation the amount of the national marketing quota both in terms of the quantity which may be marketed and in terms of a percentage of the soil-depleting base acreage for the commodity. The Senate amendment defines marketing so far as the term

relates to corn—except in the case of corn normally used for ensilage—to be disposition by sale, barter, exchange, or gift, or by feeding—in any form—to livestock which, or the products of which, are to be sold, bartered, exchanged, or given away.

The Senate amendment provides a national soil-depleting base acreage for corn of 102,500,000 acres. Such acreage is to be allotted to the States, counties, and farms in accordance with the rule provided in the Senate amendment.

The amount of the national marketing quota for corn is to be so fixed as to make available during the marketing year at least a normal supply, and in no event is it to be less than the normal supply minus the carry-over and minus the quantity not produced for market. It is not to be greater than the ever-normal granary supply level similarly adjusted.

Between the date of the quota proclamation and the effective date of the quota the Secretary is to conduct a referendum. If more than a third of the farmers voting oppose such quotas, the Secretary is to suspend the operation of the quota with respect to the current crop.

The Senate amendment provides that the Secretary shall provide, through the State, county, and local committees, for farm marketing quotas for each farm on which the farmer is engaged in producing corn for market. The amount of the farm marketing quota for any farm is to be the amount of the current crop produced on the farm less the amount consumed on the farm and used for seed, and less the normal yield of the acreage planted to corn in excess of the percentage of the base acreage specified in the quota proclamation. In no event is the farm marketing quota for any farm to be less than the normal yield of half the soil-depleting base acreage for the farm. Under the Senate amendment corn is deemed consumed on the farm only if consumed by the farmer's family, employees, or household, or by his workstock; or if fed to poultry or livestock on his farm, only if such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household. Corn used as ensilage is also deemed consumed on the farm to the extent of the amount normally so used on the farm.

The Senate amendment declares it to be an unfair agricultural practice for any farmer to market corn in excess of his farm marketing quota unless prior to such marketing the Secretary has released the commodity from marketing quota restrictions or unless the farmer has absorbed such excess marketing by diverting from the production of corn an acreage the normal production of which equals or exceeds such excess marketing. It is declared to be a violation of law for a farmer to engage in any unfair agricultural practice that affects interstate or foreign commerce. For each such violation the farmer is liable to pay a penalty of 25 percent of the parity price for the commodity as proclaimed at the beginning of the marketing year. The penalties are to accrue to the United States and be payable to and collected by the Secretary.

Provision is made in the Senate amendment for the collection of the penalties in civil suits brought by the district attorneys under the direction of the Attorney General.

The provisions of the Senate amendment with respect to corn, relating to reports and records, relating to farmers' making reports of their acreages, etc., relating to the Secretary's keeping information acquired

by him confidential, and relating to the power of the Secretary to increase quotas in case of national emergency or material increase in export demand are discussed below.

If the total supply as proclaimed by the Secretary within 45 days after the beginning of the marketing year for corn is less than that specified in the quota proclamation, the Senate amendment provides for increasing the quotas accordingly.

Under the marketing-quota provisions of the conference agreement with respect to corn, whenever the Secretary finds that the total supply of corn as of October 1 of any year will exceed the normal supply by more than 10 percent, marketing quotas are to be in effect in the commercial corn-producing area for the current crop of corn, and are to remain in effect until terminated either by the Secretary in accordance with the various provisions for termination of the quotas or by an unfavorable referendum either in the current year or some subsequent year.

Under the conference agreement the commercial corn-producing area is defined to include all counties in which the average production of corn (excluding corn used as silage) during the 10 calendar years immediately preceding the year for which the area is determined, after adjustment for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more for each acre of farm land in the county. The Secretary is given the power, as in the House bill, to include counties in and exclude counties from the commercial area.

Under the conference agreement a normal supply of corn is defined to be a normal year's domestic consumption and exports plus 7 percent thereof to allow for a normal carry-over.

The Secretary is to determine, on the basis of the estimated average yield of corn in the commercial area for the crop, the acreage in such area which would make available for the marketing year for the crop a supply of corn which, together with the estimated production in the United States outside such area, will equal a normal supply. The percentage which this acreage is of the acreage allotment is spoken of as the marketing percentage. The Secretary is to proclaim all the facts above referred to and the marketing percentage prior to August 15.

Within 20 days after the date of the quota proclamation the Secretary is to conduct a referendum by secret ballot of the farmers who would be subject to the quotas. If more than one-third of the farmers voting oppose the quotas, the Secretary is to proclaim the result of the referendum prior to September 10, and such quotas are not to become effective. If the Secretary finds from the September production estimates that the total supply of corn as of October 1, will not exceed the normal supply by more than 10 percent, he must so proclaim prior to September 20 if quotas have already been proclaimed. Thereupon such quotas are not to become effective.

Under the conference agreement the amount of corn which may be marketed from any farm subject to quotas is to be—

First: All the corn used as silage; plus

Second: The actual production of the acreage of corn not used as silage less the amount required for farm consumption and less the storage amount applicable to the farm.

Actual production of any acreage of corn is defined as the number of bushels of corn which the local committee determines would be harvested as grain from such acreage if all the corn on such acreage were so harvested. If the farmer and the local committee disagree as to the actual production, or if the local committee determines that the actual production is substantially below normal, the local committee, in accordance with regulations of the Secretary, is to weigh representative samples of ear corn taken from the acreage involved, make proper deductions for moisture content, and determine the actual production of such acreage on the basis of such samples.

The conference agreement defines "bushel" in the case of ear corn to mean that amount of ear corn, including not to exceed 15½ percent of moisture content, which weighs 70 pounds, and in the case of shelled corn to mean that amount of shelled corn, including not to exceed 15½ percent of moisture content, which weighs 56 pounds.

Under the conference agreement a farm marketing quota is not to be applicable to any farm on which the normal production of the acreage planted to corn is less than 300 bushels.

As indicated above the amount of grain which may be marketed from a farm depends on the storage amount applicable to the farm. If the acreage of corn on the farm does not exceed the marketing percentage of the farm acreage allotment, there is to be no storage amount. If such acreage exceeds the marketing percentage of the farm acreage allotment, the storage amount is a number of bushels equal to the smallest of the following amounts:

(1) The normal production of the acreage in excess of the marketing percentage of the farm acreage allotment;

(2) The amount by which the actual production exceeds the normal production of the marketing percentage of the farm-acreage allotment; or

(3) The amount of the actual production of the acreage of corn not used as silage.

A few examples will illustrate the operation of the storage provisions of the conference agreement. In all of the examples it is assumed that the farm acreage allotment is 100 acres, the marketing percentage 80 percent, the marketing percentage of the farm acreage allotment (80 percent times 100 acres) 80 acres, and the normal yield per acre 30 bushels.

**Example A:** If the acreage planted is 100 acres, no corn is used for silage, and the yield is normal or better, the storage amount is ascertained under (1) above. It is the normal production of the acreage in excess of the marketing percentage of the farm acreage allotment, or 30 (normal yield) times 20 (acreage in excess), or 600 bushels.

**Example B:** If the acreage planted is 100 acres, 40 acres are used for silage, and the yield is normal or better, the storage amount is also ascertained under (1) above, and will be the same as in example A.

**Example C.**—If the acreage planted is 100 acres, no corn is used for silage, and the actual yield is 20 bushels to the acre (less than normal), the storage amount will be ascertained under (2) above. It will be the amount by which the actual production (100 acres times 20 bushels), or 2,000 bushels, exceeds the normal production of the marketing percentage of the farm-acreage allotment (30 bushels times 80 acres) or 2,400 bushels. Since 2,000 is less than 2,400, there is no storage amount.

*Example D.*—If the acreage planted is 100 acres, 30 acres of corn is used for silage, and the actual yield is 20 bushels (less than normal) the storage amount will be ascertained under (2) above, and will be the same as in example C, where there was no storage amount.

*Example E.*—If the acreage planted is 100 acres, 90 acres of corn is used for silage, and the yield is normal, the storage amount will be ascertained under (3) above. It will be the actual production of the acreage not used for silage (30 bushels times 10 acres), or 300 bushels.

Under the conference agreement any farmer who, while any farm marketing quota is in effect with respect to any crop of corn, markets corn produced on the farm in an amount which is in excess of the aggregate of the farm marketing quotas for the farm then in effect, is subject to a penalty of 15 cents per bushel of the excess so marketed. Liability for the penalty is not to accrue until the amount of corn stored is less than the sum of the storage amounts applicable to such quotas. Hence although a farmer markets his farm consumption corn, he is not liable for the penalty for such marketing until he takes corn from storage. If there is stored an amount of corn equal to the sum of the storage amounts applicable to such quotas, the farmer is presumed not to be violating the marketing provisions. When the corn stored is less than such storage amounts, he is presumed to have marketed, while quotas were in effect, corn in violation of the marketing provisions, to the extent that the amount of corn stored is less than such storage amounts. In any action brought for the collection of the penalties, the farmer, to the extent that the amount stored is less than such storage amounts, is to have the burden of proving that he did not market corn in violation of the marketing provisions.

Corn is deemed stored under seal only if stored in such manner as to conform to the requirements of such regulations as the Secretary prescribes in order to more effectively administer the corn quotas.

Under the conference agreement, if the Secretary finds that the actual production of corn in any county or other area plus the corn stored under seal in such county or other area is less than the normal production of the marketing percentage of the farm acreage allotments in such county or other area, the Secretary is to terminate the quotas in such county or other area. Similarly if on any farm the actual production of the acreage of corn is less than the marketing percentage of the farm acreage allotment, there may be marketed from the corn stored under seal an amount of corn, which together with the actual production will equal the normal production of the marketing percentage of the farm acreage allotment.

Whenever in any marketing year, corn quotas are not in effect, all previous quotas are to terminate.

As indicated above, the farm marketing quota for any farm depends on the farm acreage allotment for the farm. Not later than February 1 of each year (or as soon as practicable after the enactment of the act in the case of 1938) the Secretary is to proclaim the acreage allotment for corn. The acreage allotment is to be that acreage in the commercial area which, on the basis of the average yield in such area during the preceding 10 years, will produce an amount of corn which the Secretary determines will, together with the production in the United States outside such area, make available a supply for the marketing year beginning on the October 1 after the allotment proclamation, equal to the reserve supply level. The reserve supply level is defined

in the conference agreement to be a normal year's domestic consumption and exports plus 10 percent thereof to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

The acreage allotment is to be apportioned by the Secretary among the counties in the commercial area on the basis of the acreage seeded for the production of corn during the preceding 10 calendar years (plus in applicable years the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for abnormal weather conditions and for trends in acreage and for the promotion of soil-conservation practices. Any downward adjustment on account of soil-conservation practices is not to exceed 2 percent of the total acreage allotment that would otherwise be made to the county.

The county allotment is to be apportioned by the Secretary, through the local committees, among farms within the county, on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

Both the House bill and the Senate amendment contained a statement of the effect of the marketing of corn on interstate and foreign commerce. The conference agreement contains material taken from both the House bill and the Senate amendment in this respect.

#### 17. MARKETING QUOTAS—WHEAT

The House bill and the Senate amendment both contained statements of facts concerning the effects of the marketing of wheat in interstate and foreign commerce which make necessary the exercise of the power of the Congress to regulate such marketing. The conference agreement combines the provisions of both bills in order to give a more accurate and complete statement of these facts.

Under the House bill the Secretary was required each year to ascertain the national acreage allotment for wheat. This amount was the acreage which, on the basis of the national average yield would produce an amount, together with carry-over, which would make available for the next marketing year a supply equal to the reserve supply level. Reserve supply level was a normal year's domestic consumption and exports plus 32 percent of such consumption and exports. He was to announce the national acreage allotment not later than July 15.

The Senate amendment established a national soil-depleting base acreage for wheat of 67,400,000 acres. The conference agreement adopts the national acreage allotment approach of the House bill, and provides for an acreage allotment estimated to yield 130 percent of a normal year's domestic consumption and exports, less the estimated carry-over. The acreage allotment for 1938 is fixed by the bill at 62,500,000 acres.

Under both the House bill and the Senate amendment the acreage so determined was to be apportioned among the several States on the basis of acreage during the previous 10 years. Adjustments were made to add acreage diverted under agricultural adjustment and conservation programs, and for abnormal weather conditions and trends in acreage. The State acreage allotments were apportioned among the counties or other local administrative areas in accordance with the same standard, except that the Senate amendment also provided for

adjustments for the promotion of soil-conservation practices with a limitation of 2 percent on downward adjustments for such purpose. The conference agreement retains the Senate provision for adjustments for the promotion of soil-conservation practices, without the 2 percent limitation.

The House bill provided for the local acreage allotment to be apportioned, through the local committees, to the farms on the basis of tillable acres, crop-rotation practices, type of soil, topography, and production facilities. The allotment to the farm was to be reduced if, for any reason other than flood or drought, the acreage planted was less than 80 percent of the allotment. In such cases the allotment was to be 25 percent above the allotment otherwise made.

The Senate amendment provided for deducting from the local allotment the acreage on farms on which wheat was not produced for market, and apportioning the balance of the local allotment to farms on which wheat was produced for market, according to tillable acreage, type of soil, topography, and production facilities.

The conference agreement provides that allotments to counties shall be apportioned to farms on the basis of tillable acres, crop-rotation practices, type of soil, and topography, with not more than 3 percent to go to farms on which wheat has not been produced during the preceding 3 years.

Both the House bill and the Senate amendment provided for national marketing quotas when the Secretary found the total supply of wheat as of the beginning of a marketing year would exceed a certain level. In the House bill this level was fixed at the normal supply plus 25 percent thereof. In the Senate amendment it was fixed at normal supply plus 10 percent thereof. (Normal supply was fixed at a normal year's domestic consumption and exports plus 20 percent thereof in the House bill, and plus 10 percent thereof in the Senate amendment, and is fixed at a normal year's domestic consumption and exports plus 15 percent thereof in the conference agreement.) The level at which marketing quotas go into effect under the conference agreement is a normal year's domestic consumption and exports plus 35 percent thereof. The conference agreement does not contain the provision of the Senate amendment which provided that quotas should not go into effect if the Secretary had reason to believe the farm price would exceed the parity price.

The House bill did not contemplate that marketing quotas for wheat would go into effect for the marketing year beginning in 1938. The Senate amendment did provide for quotas in such marketing year. The conference agreement provides that quotas for such marketing year shall be effective only if, prior to the date of the marketing quota proclamation, provision has been made by law for payment in 1938 of parity payments with respect to wheat.

Under the House bill the amount of the national quota was to be the reserve supply level less the estimated carry-over and the amount required for seed and livestock feed. Under the Senate amendment it was to be the amount needed to make available a normal supply. The conference agreement fixes it at a normal year's domestic consumption and exports plus 30 percent thereof and less (1) the estimated carry-over and (2) the estimated amount that will be used for seed and livestock feed.

The national marketing quota was to be proclaimed in terms of total amount and, in the House bill in terms of a percentage of the farm acreage allotment, or under the Senate amendment a percentage of the base acreage of each farm, estimated to produce the amount of the national quota. The marketing quota for each farm was fixed in the House bill as the normal production, and in the Senate amendment as the actual production of the acreage so determined for the farm. The conference agreement fixes the farm marketing quota as the normal production of such acreage, and makes it clear that excess wheat produced in 1 year may be marketed in a subsequent year if the farmer produces less than the amount of his quota during the subsequent year.

The House bill provided for exemption from farm marketing quotas of farms having a normal production of less than 200 bushels, and the Senate amendment provided a like exemption for farms with a base acreage having a normal yield of less than 100 bushels. The conference agreement provides an exemption for farms on which the normal production of the acreage planted is less than 100 bushels.

The provisions for referendums in the case of wheat in both bills were similar to those for the other commodities discussed above. The conference agreement provides for holding such referendums, and provides that if the result of a referendum is adverse the marketing quotas shall be suspended.

The conference agreement retains a provision of the Senate amendment providing for an increase in marketing quotas if within 45 days after the beginning of the marketing year the Secretary finds that the total supply is less than that specified in the marketing quota proclamation, and also retains a provision of the House bill providing that quotas shall become ineffective if on the basis of the July or August estimates it appears that the total supply is less than a normal year's domestic consumption and exports plus 30 percent thereof. The agreement also contains general provisions for the increase or termination of quotas when it appears that a normal supply will not be available free of marketing restrictions or it is necessary by reason of a national emergency or increase in export demand.

The conference agreement retains the House provision relating to the transfer of quotas.

The House bill provided a penalty of 15 cents per bushel on the excess marketing of wheat. The Senate amendment fixed the penalty at 25 percent of the parity price. The conference agreement fixes the penalty at 15 cents per bushel.

The Senate amendment contained administrative provisions relating to the collection of penalties and the keeping of books and records incidental to the enforcement of the quotas. These provisions are included among the general administrative provisions in the conference agreement.

For the purpose of marketing quotas on wheat, the House bill (sec. 333) authorized the Secretary after due notice and public hearing to interested parties to treat as a separate commodity any regional or market classification, type, or grade of wheat if he found such treatment necessary in order adequately to effectuate the policy of the bill with respect to such classification, type, or grade. The Senate amendment (sec. 61 (a) (1)) contains a similar provision which applies to all of the five commodities. The conference agreement omits this provision.

## 18. MARKETING QUOTAS—COTTON

Both the House bill and the Senate amendment contained statements of the facts relating to the marketing of cotton in interstate and foreign commerce and the effect on such commerce of excessive or fluctuating supplies of cotton. The conference agreement combines provisions from both bills for the purpose of stating the basis on which Congress is exercising its power.

The House bill provided that not later than November 15 of each year the Secretary should announce a national acreage allotment for cotton. The national acreage allotment was to be the acreage which the Secretary determines would, on the basis of the national average yield per acre, produce an amount of cotton which, together with estimated carry-over at the end of the marketing year ending in the calendar year for which the allotment is made, make available for the next marketing year a supply of cotton equal to the normal supply. (Normal supply was defined as a normal year's domestic consumption and exports plus 40 percent thereof.) The bill provided that the national acreage allotment should not be less than 60 percent of the average acreage planted to cotton during the 10-year period ended December 31, 1932.

The national acreage allotment was to be apportioned by the Secretary among the several States, and the State allotments to the several counties or other administrative areas therein, in accordance with the standard laid down in the bill.

Ninety-five percent of the State allotment of any State was to be apportioned by the Secretary among the counties in the State in accordance with such standard, and the county allotment was to be apportioned, through the local committee, among farms within the county on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment was made. The allotment to each farm was to be a prescribed percentage of the average during the 5 years of the tilled acres of the farm, and this percentage must be uniform for all farms in the county or area. The allotment to a farm on which cotton had been planted less than 5 years was to be a stated fraction of the farm-acreage allotment which would otherwise be made, depending on the number of years of such 5 years cotton had been planted. The Secretary was also to take into consideration the acreage devoted to wheat, corn, tobacco, or rice. If the farm noncotton income was greater than the cotton income, the allotment was to be appropriately reduced.

The remaining 5 percent of the State allotment was to be made available for apportionment to farms in the State not used for cotton production during any of the 5 years above referred to, and to small farms, in accordance with the terms of the bill.

Under the House bill whenever the Secretary determined that the total supply of cotton as of August 1 of any year exceeded by more than 15 percent the normal supply for the marketing year commencing on that date, the Secretary was directed to so announce not later than November 15. Thereupon marketing quotas were to be in effect for the marketing year beginning on August 1 of the following year with respect to the crop of cotton grown in such year.

The amount of cotton which could be marketed from any farm was known as the farm marketing quota for the farm. This amount

was the normal production, or the actual production, whichever was the greater, of the farm-acreage allotment for the farm.

The Senate amendment provided that the Secretary should, within 10 days after the approval of the act, and prior to November 15 of each year, announce the amount of the national marketing quota for cotton for the approaching marketing year, in terms of bales. The number of such bales was not to be less than 70 percent of the average annual number of bales produced during the 10 years ended December 1932.

The national marketing quota was to be apportioned among the States on the basis of the number of bales produced in such States during the preceding 5 years, with a proviso that the quota apportioned to any State should not be less than 70 percent of the normal yield of the acreage planted to cotton in such State in 1937.

The allotment to any State was to be apportioned among the counties or subdivisions thereof in the State on the basis of their production of cotton during the preceding 5 years. The Secretary was authorized to use not more than 5 percent of the State's allotment to adjust evident discriminations against any county or the growers therein.

The quota for any county or subdivision was to be apportioned by distributing among the farms therein an acreage which, on the basis of the normal yield, would produce the amount of the county quota. This acreage was to be apportioned to farms by allotting  $7\frac{1}{2}$  acres for each family engaged in the production of cotton, or the largest number of acres cultivated during the preceding 5 years if that was less than  $7\frac{1}{2}$  acres. At least 95 percent of the remaining acreage was to be apportioned to farms in the same proportion that the tilled lands (excluding lands devoted to crops for market other than cotton) on the farm bears to the total of such tilled lands in the county. The remainder of the acreage was to be distributed equitably on the basis of factors set forth in the bill. Not in excess of 3 percent of the allotment to any State could be apportioned to areas and farms in the State producing cotton for the first time in 10 years.

The amount of cotton produced on the acreage allotted, as set forth above, was to prevail as the national marketing quota and all of it could be marketed in interstate and foreign commerce.

The conference agreement provides that not later than November 15 of each year the Secretary shall proclaim as the national allotment of cotton for the succeeding year the number of bales adequate, together with the estimated carry-over to make available a normal supply. (Normal supply is defined as a normal year's domestic consumption and exports plus 40 percent thereof.) The national allotment for 1938 is to be proclaimed within 10 days after the enactment of the act. The national allotment for each of the years 1938 and 1939 is to be not less than 10,000,000 and not more than 11,500,000 bales.

The national allotment for each year is to be apportioned among the several States on the basis of their production of cotton during the 5 preceding years, with allowances for acres diverted under previous agricultural adjustment and conservation programs. The Secretary then fixes the State acreage allotment as a number of acres which, on the basis of the average yield for the State, will produce a number of bales equal to the allotment to the State.

Not more than 2 percent of the State acreage allotment is to be apportioned to farms in the State on which cotton was not produced

during any of the preceding 3 years. The remainder of the State acreage allotment is to be apportioned annually among the counties in the State on the basis of the acreage planted to cotton during the 5 preceding years (plus, in applicable years, acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for abnormal weather conditions and trends in acreage.

For each of the years 1938 and 1939 there is to be added to the acreage allotment made to any county under the above provisions a number of acres sufficient to provide a total number of acres for allotment in such county of not less than 60 percent of (1) the acreage planted to cotton in such county in 1937, plus (2) the acreage therein diverted from cotton production under the agricultural adjustment and conservation program in 1937.

The conference agreement provides that the acreage allotted to any county shall be apportioned, through the local committees, among the farms within the county on the following basis: There is to be allotted to each farm on which cotton has been planted during any of the previous 3 years the smaller of (1) 5 acres, or (2) the highest number of acres planted to cotton (plus acres diverted under agricultural adjustment or conservation programs) in any one of such 3 years. Not more than 3 percent of the remainder is to be allotted, on such basis as the Secretary deems equitable, to farms which receive allotments of not less than 5 and not more than 15 acres under the other provisions. The remainder of the acreage available to the county is to be apportioned to farms (other than farms to which an allotment of less than 5 acres has been made under the foregoing provisions) on which cotton has been planted during any of the previous 3 years, on the basis of the acreage, during the preceding year, on such farms which is tilled annually or in regular rotation, excluding acreage devoted to the production of wheat, tobacco, or rice for market. In no event is any such farm to receive an allotment in excess of the largest acreage on such farm planted to cotton, plus the acreage diverted from the production of cotton under the agricultural adjustment or conservation program, during any of the preceding 3 years.

The conference agreement provides that in apportioning the county allotment among the farms, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within the county, if any exist, including types, kinds, and productivity of the soil, so as to prevent discriminations between such areas.

The conference agreement provides that whenever the Secretary determines that the total supply of cotton exceeds the normal supply by more than 7 percent, marketing quotas shall be in effect during the succeeding marketing year. When marketing quotas are in effect the farm marketing quota for any farm shall be the actual production or normal production, whichever is the greater, of the farm acreage allotment plus any cotton which the producer has on hand and could have sold without penalty during the preceding marketing year.

Both the House bill and the Senate amendment provided for a referendum before quotas went into effect. The conference agreement provides that a referendum of farmers engaged in producing the last crop shall be held and that if more than one-third of those voting in the referendum oppose the quotas, the quotas shall become ineffective.

Both the House bill and the Senate amendment contained provisions relating to the increase or termination of marketing quotas

when it was found necessary to make available a normal supply, and the House bill provided for termination of quotas when it became necessary by reason of a national emergency or increased export demand. These provisions are retained in the conference agreement in the general provisions relating to adjustment of quotas.

The House bill provided for a penalty of 2 cents a pound on the excess marketing of cotton. The Senate amendment provided for a penalty of 75 percent of the purchase price. The conference agreement provides that the farmer shall be subject to a penalty of 2 cents per pound for the excess marketing of cotton of the first crop with respect to which penalties are in effect, and 3 cents per pound of the excess marketing of subsequent crops.

The Senate amendment provided that persons who knowingly sell cotton grown on acreage not included in their acreage allotments shall not be eligible for soil-conservation payments. The conference agreement retains this provision with clarifying changes.

Administrative provisions from both the House bill and the Senate amendment relating to the collection of penalties and the enforcement of quotas are included in the general administrative provisions for quotas in the conference agreement.

#### 19. EXPORT BOUNTY ON COTTON

The Senate amendment (sec. 32 (b)) provided for a bounty of \$10 a bale in certain cases in lieu of all other awards for cotton producers.

This provision is omitted from the conference agreement.

#### 20. MARKETING QUOTAS—RICE

The only substantial differences between the provisions for marketing quotas for rice in the House bill and the Senate amendment related to the determination of the amounts required for consumers, the method of apportioning the amount to be produced, the basis for making soil-conservation payments, and the penalty for excess marketing.

The Senate amendment provided that in determining consumption requirements there should be included the amount necessary to meet the requirements of such markets as may exist in Cuba. The conference agreement does not include this provision.

The House bill provided for a national acreage allotment to be apportioned among the States on the basis of the acreage of rice for the preceding 5 years. The State acreage allotments were to be apportioned among producers, and the domestic allotment of rice for a State was to be apportioned among producers on the basis of the normal yield of the acreage allotments established for such producers.

The Senate amendment did not provide for acreage allotments but provided for a domestic allotment of rice which was to be apportioned between California and the other rice-producing States on the basis set forth in the bill. The allotment to each State was then to be apportioned among rice producers in the State.

The conference agreement follows the provisions of the House bill.

The Senate amendment contained a provision for making soil-conservation payments to rice producers on the basis of the allotments made to them under the marketing-quota provisions. The conference agreement eliminates this provision.

The House bill provided for a penalty of one-quarter of a cent a pound for excess marketing, which could be collected from the producer or the purchaser. The Senate amendment fixed the penalty at five-tenths of a cent per pound. The conference agreement provides a penalty of one-quarter of a cent per pound, payable by the producer.

## 21. PUBLICATION AND REVIEW OF QUOTAS, ETC.

Part VI of title III of the House bill provides for administrative and court review of the marketing quotas established under the preceding parts. The provisions of the part apply to each of the commodities, with respect to which quota provisions are applicable, tobacco, corn, wheat, cotton, and rice separately. The comparable provision of the Senate amendment (sec. 60) relates not only to the publication and review of marketing quotas but to the publication and review of soil-depleting base acreages and normal yields in the case of commodities for which these are established.

The conference agreement relates to the publication and review of marketing quotas.

Under the House bill acreage allotments and farm-marketing quotas were to be made and kept freely available for public inspection in the locality. In the case of tobacco the farm-marketing quotas were to be made available for public inspection by imposing in a conspicuous place the name of the farmer; the number of tenants or sharecroppers on the farm; the total cultivated acres of the farm; the amount of the allotment or marketing quota; and the percentage of the total cultivated acreage devoted to tobacco (sec. 382). Under the Senate amendment a list of soil-depleting base acreages, normal yields, and farm quotas is to be posted in the county and a certified copy of the list is required to be filed with the recorder of deeds or similar county official (sec. 60 (a)).

The conference agreement requires the acreage allotments and quotas to be made available and kept available for public inspection in the county or local area. An additional copy is to be kept available in the office of the county agent or with the chairman of the local committee.

Under the House bill notice of the quota established for his farm is required to be mailed to the farmer (sec. 382). The Senate amendment does not expressly require mailing of such a notice. The conference agreement adopts the House provision.

Under the House bill a farmer dissatisfied with his quota could, within 15 days after mailing of notice to him, have the quota reviewed by a local committee of three farmers appointed by the Secretary. This committee could not include any person who had been a member of the local committee which determined the farm allotment, normal yield, or quota for the farm. Unless application is made within such 15 days the original determination is final (sec. 383). The comparable provision of the Senate amendment relates to the review of soil-depleting acreages and normal yield as well as marketing quotas, and is the same as the House provision except that (1) the 15 days' run from the time of making public the determination and (2) no provision expressly relates to the manner of selection of the review committee (sec. 60 (b)). The conference agreement adopts the House provision.

Section 384 of the House bill provided the same per diem for members of the review committee as in the case of the local committees

utilized under the Soil Conservation and Domestic Allotment Act but prohibited compensation for more than 30 days in a year. There is no comparable provision in the Senate amendment. The conference agreement adopts the House provision.

The Senate amendment provided for a review of the review committee's determination by a reviewing officer, designated by the Secretary (sec. 60 (c)). There is no similar review in the House bill. In the Senate amendment, review by the reviewing officer was to be had by filing a written petition with the reviewing officer. An opportunity for full hearing is thereupon afforded in the county in which the farm is located. The reviewing officer thereafter is to report his findings and conclusions and make an order affirming or modifying the review committee's determination. A copy of this report and order is to be served on the farmer by sending it to him by registered mail (sec. 60 (c)).

The conference provision does not provide for review by a reviewing officer.

Provision is made in the House bill (sec. 385) and the Senate amendment (sec. 60 (d)) for review by a court of the determination of the review committee or reviewing officer, as the case may be. Within 15 days after mailing (in the House bill) or after receipt (in the Senate amendment) of the notice of determination a farmer could bring a bill in equity against the review committee (in the House bill) or the Secretary (in the Senate amendment). Such bill is brought in a court where the land is located. In the House bill the suit may be brought in the United States district court or in a court of record of the State. Under the Senate amendment review is confined to a United States district court. The House bill provided for the giving of bond satisfactory to the court to secure costs. The Senate amendment contains no such provision. The bill of complaint is served on any member of the review committee (under the House bill) or the Secretary or a person designated by the Secretary in the Senate amendment. The review committee in the House bill then certifies to and files in the court a transcript of the record. The Senate amendment is the same except that the reviewing officer certifies and files (sec. 60 (d)).

The conference agreement adopts the House provision and authorizes the suit in a United States district court or a State court of record having general jurisdiction. Necessary technical changes are made to adopt the procedure to State court procedure.

Section 386 of the House bill and the last part of section 60 (d) of the Senate amendment provide the usual provisions for court review of administrative orders. The differences are that under the House bill an objection can be heard by the court notwithstanding it has not been urged below, and the House bill expressly provides for hearing the case in vacation as well as in term time. The conference agreement adopts the House provision.

Judicial proceedings do not stay the effect of the order unless the court so requires (sec. 387 and sec. 60 (e)). The conference agreement adopts this provision. Under the Senate amendment the method of review therein provided is made exclusive (sec. 60 (e)), whereas there was no such provision in the House bill. The conference agreement adopts the Senate provision.

Section 388 of the House bill provides that an increase in a farm quota shall not affect the quotas for other farms. The Senate amend-

ment (sec. 30 (f)) provides that an increase of a soil-depleting base acreage or marketing quota for a farm shall result in a pro rata decrease, under regulations of the Secretary, of the acreages and quotas of all other farms in the local area if such action is necessary to prevent a substantial increase of quotas in the local area. The conference agreement adopts the House provision.

The conference agreement consolidates and clarifies the various general provisions relating to the adjustment and suspension of quotas on tobacco, wheat, corn, cotton, and rice. Authority is given the Secretary to increase or suspend marketing quotas when he ascertains that the effect of quotas in effect will make the amount available for marketing free of restriction less than the normal supply.

Provision is also made for increase or termination because of a national emergency or material increase in export demand.

When national quotas are increased farm quotas are increased in the same ratio and in the case of corn, storage requirements are reduced.

The conference agreement consolidates in one place the provisions of the House bill and Senate amendment relating to the collection of penalties in the case of marketing of corn, wheat, cotton, or rice. If the commodity is marketed by sale to any person in the United States, such person is to collect the penalty. The Secretary is given power to provide by regulations for the manner, time, and conditions of collecting penalties. The person liable for the penalty is to remit it to the Secretary. An exception is made which requires the penalty to be remitted by the person liable for the collection of the penalty if he is one whom the bill charges with that duty.

The conference agreement similarly consolidates the provisions relating to reports to be furnished and records to be kept by persons who fall within classes who may be described as dealers or handlers of the commodity. Such reports are to be furnished and records kept on request of the Secretary, and a criminal penalty is provided for failing to furnish the report or keep the record or for making a false report or record.

Data reported to or acquired by the Secretary are to be kept confidential and may be disclosed only in a suit or administrative hearing under the title.

The conference agreement adopts a provision similar to that of the Senate amendment under which farms on which corn, cotton, wheat, or rice is produced are to be measured and for ascertainment and report of cases where farm acreage allotments are exceeded.

The provisions of the House bill and Senate amendment which relate to authority under regulations to prescribe for identification of quantities of commodities which are subject to or free from marketing quota restrictions are consolidated in one place.

The conference agreement adopts the provision of the Senate amendment authorizing the Secretary to prescribe regulations to enforce the provisions of the title.

The provisions of the House bill and Senate amendment relating to court jurisdiction are consolidated in one place. The several district courts are given jurisdiction to enforce specifically the provisions of the title, and the several district attorneys are given power to bring suit to collect penalties.

## 22. COTTON PRICE ADJUSTMENT PAYMENTS

Section 401 of the House bill provides a rule of construction for the administration of the cotton price adjustment payments contemplated with respect to the 1937 crop under the Third Deficiency Appropriation Act for the fiscal year 1937. Under that Act a producer must, in order to be entitled to the payment with respect to his 1937 crop, comply with the provisions of the 1938 agricultural adjustment program. This section 401 provides that such a producer shall be deemed to have complied if he does not exceed the cotton farm acreage allotment for 1938 which is apportioned to his farm under the Soil Conservation and Domestic Allotment Act, as amended, and for that purpose he must have complied not only with the original act but also with the amendments made to it by this bill.

Section 64 (h) of the Senate amendment omits the 3 cents per pound limitation on payment of the present law, and the requirement of the present law under which cotton producers in order to receive the benefits of the price-adjustment payment must comply with the 1938 agricultural adjustment program contemplated under Senate Joint Resolution 207. The subsection also provides that cotton which on July 1, 1938, is under a 1937 Commodity Credit Corporation loan and which if it had been sold before then would have been eligible for payment, shall be treated as if it had been sold at the time application for a loan was made. In such case there is to be deducted from the adjustment payment and paid to the lending agency the unpaid carrying charges under the loan due June 30, 1938. Payment is to be made only on applications filed prior to October 1, 1938.

Section 64 (j) of the Senate amendment provides that the cotton price-adjustment payment shall be paid at the earliest practicable time. There is no comparable provision in the House bill.

The conference agreement provides that a producer shall be deemed to have complied with the 1938 program if his cotton acreage does not exceed his acreage allotted under the Soil Conservation and Domestic Allotment Act or the acreage for marketing quota purposes under the bill. A producer is not deemed to have exceeded his acreage allotment unless he knowingly did so. Compliance is not required of a 1937 producer if he is not engaged in cotton production in 1938. Provision is made for payment of the adjustment payment to producers in cases where crop failure resulted from hail, drought, flood, or boll-weevil on a percentage of the producer's normal base production. Cotton not sold prior to July 1, 1938, is deemed to be sold on June 30, 1938, thus establishing a price basis for the payment. Applications for payment are to be filed prior to July 15, 1938, and payments are to be made at the earliest practicable time. An application on behalf of all persons who were engaged in cotton production on a farm in 1937 may be made by the 1937 operator, but payment is to be made to those entitled to it. Provision is made for payment in case the person entitled dies, becomes incompetent, or disappears, or is succeeded by another who renders or completes performance.

The conference agreement also authorizes the transfer to the Commodity Credit Corporation of cotton on which a loan on the 1937 crop was made or arranged for by the Corporation. Upon transfer to the Corporation of the cotton, upon a showing of compliance by the producer or a national marketing quota is put into effect, the Secretary is to pay the producer 2 cents per pound, which is to be deducted from

any price-adjustment payment to which the producer is entitled. The Commodity Credit Corporation is authorized to sell cotton of the 1937 crop so acquired by it. No cotton may be sold by the Corporation unless the proceeds of the sale are at least sufficient to reimburse the United States for all amounts (including the price-adjustment payment) paid out with respect to cotton. After July 31, 1939, the Corporation is not to sell more than 300,000 bales in any month or more than 1,500,000 bales in any year. The proceeds from the sale of such cotton are to be used to discharge obligations of the Corporation with respect to the cotton, and any amounts not expended for that purpose are to be covered into the Treasury.

### 23. 1937-38 COTTON LOAN

The Senate amendment (sec. 35) authorizes and directs the Commodity Credit Corporation to extend the maturity date of all notes evidencing a loan made by the Corporation on cotton produced during the crop year 1937-38 from July 31, 1938, to July 31, 1939. The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of improper grading of cotton as provided in the loan agreement. The Corporation is also directed to place all insurance of every nature taken out by it on cotton with insurance agents in the State where the cotton is warehoused if such insurance may be secured at a cost not greater than similar insurance offered elsewhere. There is no comparable provision in the House bill.

The conference agreement provides for such extension of maturity date, and contains the provision for insurance with clarifying changes.

Section 64 (g) of the Senate amendment provides that all cotton of the 1937 crop warehoused in 1937 and held as security for a Government loan shall, on the request of the borrower, be reclassified, restapled, and reweighed by a licensed Government classer. This is to be done at Government expense, without cost to the borrower and without taking the cost thereof out of the borrower by reduction in prices. Hereafter there is to be no reconcentration or reclassification of such cotton without the written request of the producer or borrower. There is no comparable provision in the House bill.

The conference agreement contains a provision under which such cotton may not be reconcentrated without the written consent of the producer or borrower.

### 24. UTILIZATION OF LOCAL AGENCIES

The House bill (sec. 402) provides that the provisions of the Soil Conservation and Domestic Allotment Act (described in part above under "3. Amendment to Soil Conservation and Domestic Allotment Act, (a) generally") relating to the utilization of local committees, the extension service, and other approved agencies, and to the recognition and encouragement of cooperative associations, are to apply in the administration of the bill. The Secretary is directed, for such purposes, to utilize the same local committees as are utilized under the Soil Conservation and Domestic Allotment Act.

The Senate amendment (sec. 62 (b)) directs the Secretary to designate local administrative areas as units for the administration of programs carried out pursuant to title VI of the Senate amendment, the

Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms in the area designated, and participating or cooperating in programs administered in such area, are to elect annually from among their number a local committee for the area. The chairmen of the local committees within any county are to constitute a county committee for the county. The members of the county committee are to elect three of its members as an administrative committee. The county agent is to be the secretary, ex officio, of the county committee and is to represent the Secretary of Agriculture in the county. There is also to be a State committee for each State. The State committee is to be composed of five farmers who are residents of the State, to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary of Agriculture is directed to consult with, and give consideration to such recommendations as are made by, the State director of agricultural extension, and representatives of leading State-wide farm organizations in the State. The Secretary is to make such regulations as are necessary to carry out the provisions of the subsection (62 (b)), including regulations to carry out the functions of the respective committees and for the administration through such committees of the various programs. No payments are to be made to any member of a committee for compensation or otherwise except solely for services performed or expenses incurred in administering such programs in the State in which the committee functions.

The Secretary of Agriculture is authorized and directed to make payments to the committees above described to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the Senate provisions. All or a part of such administrative expenses may be deducted pro rata from the Soil Conservation Act payments, parity payments, or surplus reserve loans made under adjustment contracts, and the adjustment contracts are to so provide. Such deductions are not to be made if the payment of expenses is otherwise provided by law. The Secretary of Agriculture may make such payments to the committees in advance of determination of performance by farmers under their adjustment contracts. The Secretary of Agriculture in the administration of title VI is directed to accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress and as will tend to promote efficient methods of marketing and distribution.

The conference agreement provides for substantially the same matters as the Senate amendment except that the committees are selected differently (see discussion under the Soil Conservation Act amendments).

#### 25. PERSONNEL

The House bill (sec. 403) authorizes and directs the Secretary to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by the bill as he deems may be appropriately exercised by it. For such purposes the provisions of law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration are to apply.

The Senate amendment (sec. 63 (a)) contains provisions having the same effect as section 403 of the House bill with the following excep-

tions: (1) The Senate amendment authorizes and directs the Secretary to provide for the execution of his powers in the manner described except as otherwise may be provided in the amendment, and (2) the Senate amendment applies also to the personnel of the Surplus Reserve Loan Corporation the provisions of law applicable to the appointment and compensation of persons employed by the Agricultural Adjustment Administration.

The conference agreement adopts the House provision.

#### 26. SEPARABILITY

The House bill (sec. 404) and the Senate amendment (sec. 68) contain provisions in regard to separability of provisions. The conference agreement further elaborates these provisions with respect to the powers exercised, separability with respect to commodities, and separability on account of referendum provisions.

#### 27. APPROPRIATIONS

The House bill (sec. 421 (a)) provides that beginning with the fiscal year ending June 30, 1938, there is authorized to be appropriated, for each fiscal year for the administration of the bill and for the making of soil-conservation and other payments, such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act. The conference agreement adopts the House provision.

The House bill (sec. 421 (b)) makes available from funds appropriated for carrying out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act during the fiscal year ending June 30, 1938, a sum not to exceed \$5,000,000 for the administration of the bill during such fiscal year. The Senate amendment makes the amount \$10,000,000. Under the conference agreement the amount is \$5,000,000. The conference agreement makes it clear that such funds may be made available for 1938 for the crop-insurance title.

The House bill (sec. 421 (c)) authorizes funds appropriated pursuant to section 421 (a) to be made available for the purposes of further carrying out the provisions of section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, and in section 421 (d) authorizes sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act to be made available for any one or more of the purposes for which sums appropriated pursuant to the bill are authorized to be made available. The conference agreement does not contain such a provision.

The Senate amendment (sec. 64 (a)) provides that beginning with the fiscal year commencing July 1, 1938, there is authorized to be appropriated for each fiscal year for the administration of the Senate amendment and for the making of Soil Conservation Act payments and parity payments, such sums as are necessary. There is made available for parity payments with respect to cotton, wheat, and field corn for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act for such year. Sums due and payable under the Soil Conservation Act for payments and prac-

tices as to crops other than corn, wheat, and cotton are not to be diminished by reason of the diversion of funds above described. The conference agreement omits this provision.

#### 28. ADMINISTRATIVE EXPENSES

The House bill (sec. 422) authorizes and directs the Secretary to make such expenditures as he deems necessary to carry out the provisions of the bill, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers. The Senate amendment and the conference agreement are the same as the House provision. Under the House bill (sec. 422) the aggregate amount expended in any fiscal year for administrative expenses to carry out the purposes of the bill, the Soil Conservation and Domestic Allotment Act, and section 32 of the act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", is not to exceed 5 percent of the aggregate amount appropriated for such fiscal year for such purposes.

The Senate amendment (sec. 64 (b)) provides that in the administration of the amendment, the Soil Conservation and Domestic Allotment Act, and section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", the aggregate amount expended in any fiscal year for administrative expenses in the District of Columbia, including regional officers, is not to exceed 1 percent of the total amount available for such fiscal year for carrying out the amendment and such acts. It further provides that the aggregate amount expended in any fiscal year for administrative expenses in the several States (not including the expenses of county and local committees) is not to exceed 2 percent of the total amount available for such fiscal year for carrying out the amendment and such acts. In the event any administrative expenses of any county or local committee are deducted from Soil Conservation Act payments, parity payments, or surplus reserve loans, each farmer receiving benefits under the amendment is to be notified, in the form of a statement to accompany the check evidencing the benefit payment or loan, of the amount deducted therefrom on account of such administrative expenses. The names and addresses of the members and employees of the county or local committee, and the amount of the compensation received by each of them, are to be posted annually in a conspicuous place in the area within which they are employed.

The conference agreement is substantially the same as the Senate amendment except that the provisions are made applicable to the fiscal year 1939 and subsequent years.

#### 29. ALLOTMENT OF APPROPRIATIONS

The House bill (sec. 423) and the Senate amendment (sec. 64 (d)) and the conference agreement contain identical provisions which provide that all funds for carrying out its provisions are to be available for allotment to bureaus and offices of the Department and for transfer to such other agencies of the Federal Government or to such State

agencies as the Secretary may request to cooperate and assist in carrying out such provisions.

#### 30. REPORT OF PAYMENTS TO CONGRESS

The Senate amendment (sec. 22 (f)) provides that money benefits or rentals of \$1,000 or more shall be reported to the Congress with the names of the payees. The Secretary is directed to report to the Congress all money benefits, parity payments, or rental allowances heretofore made under his administration of \$1,000 or more with the names and addresses of the respective payees and the amounts paid to each. The amount of any allotment or payment to any person is to be disclosed to any Member of Congress on demand. There are no comparable provisions in the House bill. The conference agreement requires an annual report to be submitted by the Secretary to Congress of those who under the Soil Conservation Act receive payments, together with parity payments, if any, of more than \$1,000.

#### 31. MISCELLANEOUS PROVISIONS OF SENATE AMENDMENT NOT CONTAINED IN HOUSE BILL HEARINGS

The Senate amendment (sec. 62 (a)) provides for hearings at convenient places and after not less than 3 days' notice prior to prescribing and proclaiming terms of adjustment contracts and loans, regulations under the amendment, regulations with respect to contracts, regulations respecting the time and manner of keeping records and making reports, and the amount of the ever-normal granary and of any diversion percentage. The House bill and the conference agreement contain no comparable provision.

#### PROCLAMATION OF PARITY, FARM PRICES, AND TOTAL SUPPLY

The Senate amendment (sec. 62 (c)) requires the Secretary to ascertain and proclaim parity price and current average price for each commodity on the 1st day of each month. Within 45 days after the beginning of the marketing year he is to ascertain and proclaim current average farm price for the preceding marketing year and to proclaim total supply as of the beginning of the current marketing year. There is no comparable provision in the House bill or the conference agreement.

#### FINALITY OF PAYMENTS AND LOANS

Section 62 (e) of the Senate amendment provides that the facts constituting the basis for any Soil Conservation and Domestic Allotment Act payment, parity payment, or surplus reserve loan shall be final and not reviewable when officially determined by the Secretary or the Surplus Reserve Loan Corporation. There is no comparable provision in the House bill. The conference agreement adopts the House provisions.

#### BENEFITS AVAILABLE TO MEMBERS OF CONGRESS

Section 62 (f) of the Senate amendment removes limitations on contracts with or payments to Members of Congress under the amendment. The House bill contained no comparable provisions since

general law removes such limitations. The conference agreement adopts the Senate provision but makes Members ineligible to act as insurance agents in connection with the insurance of Commodity Credit Corporation cotton.

#### PHOTOGRAPHIC REPRODUCTIONS, ETC.

The Senate amendment (sec. 62 (g)) authorizes the Secretary to furnish reproductions of such aerial or other photographs, mosaics, and maps as have been obtained in connection with the authorized work of the Department of Agriculture to farmers and governmental agencies at the estimated cost of furnishing such reproductions. Such reproductions may also be furnished by the Secretary to persons other than farmers at such prices as the Secretary may determine, not less than the estimated cost of furnishing such reproductions. The money received from such sales is to be deposited in the Treasury to the credit of the appropriation charged with the cost of making such reproductions. This provision is not to affect the power of the Secretary to make other disposition of such or similar materials under any other provisions of existing law.

There are no comparable provisions in the House bill.

The conference agreement adopts the Senate provision.

#### 32. SURPLUS RESERVE LOAN CORPORATION

For the purpose of making and administering surplus reserve loans, title VII of the Senate amendment establishes as an agency of and within the Department of Agriculture the Surplus Reserve Loan Corporation. Since the conference agreement provides for loans by the Commodity Credit Corporation, this title is omitted.

#### 33. COTTON POOL CERTIFICATES

The Senate amendment (title IX) and the conference agreement (title IV) authorize and direct the Secretary of the Treasury to pay to or upon the order of the Secretary of Agriculture such part or all of the sum of \$1,800,000 (which is authorized to be appropriated to accomplish the purposes of the title) at the request of the Secretary of Agriculture. The Secretary of Agriculture is authorized to draw from the Treasury of the United States any part or all of such sum and to deposit the same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter described. The Secretary of Agriculture is authorized to make available, from such sum, to the manager of the cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter described, pool participation trust certificates, Form C-5-I, where such certificates are tendered to the manager by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on May 1, 1937. The purchase price to be paid for the certificate so purchased is to be at the rate of \$1 per 500-pound bale for every bale or fractional part thereof represented by the certificates. The Secretary of Agriculture is further authorized to pay directly to, or to advance to, the manager of the cotton pool, to enable him to pay costs and expenses incident to the

purchase of the certificates, and any balance remaining to the credit of the Secretary or the manager not required for the purchase of the certificates is to be covered into the Treasury of the United States as miscellaneous receipts at the expiration of the purchase period.

The authority of the manager to purchase and pay for certificates under this title is to extend to and include January 31, 1938, except that after the expiration of the limit, the purchase may be consummated of any certificates tendered to the manager on or before January 1, 1938, but where for any reason the purchase price has not been paid by the manager. The conference agreement extends the date to July 31, 1938.

The Secretary of Agriculture is authorized to continue in existence the 1933 cotton producers' pool as long as may be necessary to effectuate the purposes of this title. All expenses incident to the accomplishment of such purposes may be paid from funds which the title authorizes to be appropriated, for which purpose the fund so authorized to be appropriated is to be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

After the expiration of the time limit, the certificates then remaining outstanding and not theretofore tendered to the manager for purchase, are not to be purchased, and no obligation or account thereof is to exist.

Nothing in title IX of the Senate amendment is to be construed as authorizing the Secretary to pay the assignee or any holder of cotton pool participation trust certificates—other than the original owner or holder—more than the purchase price paid by the assignee or holder of such certificate or certificates with interest at the rate of 4 percent per annum from the date of purchase, provided such purchase price is \$1 per bale, or twenty one-hundredths of 1 cent per pound, or less. If the assignee or holder other than the original holder receives less than \$1 per bale, or twenty one-hundredths of 1 cent per pound, then the remainder between such payments so received by the assignee or holder and \$1 per bale, or twenty one-hundredths of 1 cent per pound, shall be paid to the producer or original holder of the certificate or certificates.

The conference agreement rewrites the section described above so as to provide that nothing in the title is to be construed to authorize the payment to a transferee who received a certificate on or before May 1, 1937 more than the amount he paid for it plus 4 percent interest from the date of its acquisition by him and not more than \$1 per bale. Any such assignee must file an affidavit showing the amount he paid for the certificate and the date he acquired it.

The House bill does not contain any comparable provision.

#### 34. INVESTIGATION FOR CROP INSURANCE

The Senate amendment (sec. 80 (d)) provides that Congress recognizes the insecurity which those engaged in agriculture and horticulture experience on account of the hazards to which they are subject in producing their crops, and that Congress desires to do everything possible to diminish such hazards and to stabilize agricultural yield against such hazards. Therefore, there is authorized to be appropriated to the Secretary of Agriculture the sum of \$150,000, or so

much thereof as may be necessary, until such study is completed, for making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and all other crops. The Secretary is directed as soon as he has completed such study or has sufficient information available to justify a report, to report his findings and recommendations with respect to such plan or plans to the Congress at the earliest practicable date.

The House bill and the conference agreement do not contain any comparable provisions.

### 35. CROP INSURANCE

The House bill does not contain any provisions with respect to crop insurance.

Title X of the Senate amendment and title V of the conference agreement contain provisions with respect to crop insurance on wheat. A corporation is created with the name "Federal Crop Insurance Corporation." The Corporation is to have a capital stock of \$100,000,000 subscribed by the United States. Payment for subscriptions is to be subject to call by the board of directors with the approval of the Secretary of Agriculture. An appropriation of \$100,000,000 is authorized for the purpose of subscribing to the stock, only \$20,000,000 of which may be appropriated during the fiscal year 1938. The conference agreement postpones this date to 1939 and provides that this sum may be appropriated only out of money unexpended from 1938 appropriations under section 15 of the Soil Conservation and Domestic Allotment Act.

The management of the Corporation is vested in a board of directors consisting of three persons employed in the Department of Agriculture who are to be appointed by and hold office at the pleasure of the Secretary. The directors are not to receive any additional compensation for their services as such.

Employees of the Corporation are appointed by the Secretary. They may be appointed without regard to the civil-service laws, but their compensation is to be fixed in accordance with the Classification Act of 1923, as amended. Appointments are to be made solely on the basis of merit and efficiency.

The Corporation is given corporate powers necessary to enable it to perform its duties in addition to the usual formal powers.

To carry out the purposes of the title the Corporation is given power to insure producers of wheat against loss in yields due to unavoidable causes, including drought, flood, hail, wind, winter-kill, lightning, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the board of directors. The Senate amendment authorized insurance beginning with the crop to be harvested in 1938. The conference agreement postpones this provision until the crop harvested in 1939. Such insurance is not to cover losses due to neglect or malfeasance of the producer or to the failure of the producer to reseed where customary. Such insurance is to cover not less than 50 or more than 75 percent of the recorded or appraised average yield on the insured farm for a representative period subject to such adjustments as the Board may prescribe to the end that average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just. The issuance of insurance in

any county or area may be conditioned upon a minimum amount of participation in the program.

The Corporation is authorized to fix adequate premiums for the insurance, payable either in wheat or cash equivalent, on the basis of the recorded or appraised average crop loss of wheat on the insured farm for a representative period subject to such adjustments as the Board may prescribe to the end that premiums fixed for farms in the same area, which are subject to the same conditions, may be fair and just.

The Corporation is authorized to adjust and pay claims for losses either in wheat or in cash equivalent under rules prescribed by the board of directors. Provision is made for bringing action on claims denied by the Corporation in the district in which the insured farm is located. Such action is to be brought within 1 year after the date when notice of denial of the claim is mailed to the claimant.

The Corporation is given power to purchase, handle, store, insure, provide storage facilities for, and sell wheat, and pay any expenses incidental thereto. Restrictions are placed on the power of the Corporation to purchase and sell wheat to prevent the Corporation from making unnecessary purchases or sales, and to prevent the Corporation from speculating in wheat. Such restrictions are required to be made a part of the crop-insurance agreement. There is to be no limitation on the legal or equitable remedies available to the insured to enforce against the Corporation the restrictions with respect to purchases and sales.

Claims for indemnities under the title are not to be liable to attachment, levy, garnishment, or any other legal process before payment to the insured or to deduction on account of the indebtedness of the insured or his estate to the United States, except claims of the United States or the Corporation arising under the title.

The Corporation, including its franchise, its capital, reserves, and surplus, and its income and property is to be exempt from all taxation now or hereafter imposed by the United States or by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

When so designated by the Secretary of the Treasury, the Corporation is to be a depository of public money, except receipts from customs. It may also be employed as a financial agent of the Government.

The Corporation must at all times maintain complete and accurate books of account and file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. The financial transactions of the Corporation are to be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General may deem a visible. Such report is not to be made until the Corporation has had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which is to be submitted by the Comptroller General with his report.

In addition to the usual penal provisions relating to employees of and transactions with Federal corporations, the crop-insurance title of the Senate amendment makes it unlawful for any person, while

acting in any official capacity in the administration of the title, to speculate, directly or indirectly, in any agricultural commodity or product thereof to which the title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this provision is upon conviction thereof subject to a fine of not more than \$10,000, or to imprisonment for not more than 2 years, or both.

The Secretary of Agriculture is authorized to appoint from time to time an advisory committee, consisting of not more than five members experienced in agricultural pursuits and appointed with due consideration to their geographical distribution, to advise the Corporation with respect to carrying out the provisions of the title. The compensation of the members of such committee is to be determined by the Board but is not to exceed \$10 per day each while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

To cover the operating and administrative costs of the Corporation, other than payments of claims for indemnities, not in excess of \$10,000,000 for each fiscal year is authorized to be appropriated under the Senate amendment. The conference agreement reduces this sum to \$6,000,000, provides that the appropriation shall be made only for 1939 and subsequent years, and provides that for 1939 the appropriation shall be made only out of funds unexpended out of appropriations for 1938 under the Soil Conservation and Domestic Allotment Act. The conference agreement further provides that expenses in connection with purchase, transportation, handling, or sale of wheat may be considered by the Corporation as nonadministrative or nonoperating expenses. Such sum is to be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine.

The Secretary and the Corporation, respectively, are given power to issue rules and regulations to carry out the title.

The conference agreement amends the title of the bill so as to conform to the title of the House bill with one change. The conference agreement adds "and for other purposes" to the language contained in the title of the House bill.

MARVIN JONES,  
H. P. FULMER,  
WALL DOXEY,  
CLIFFORD R. HOPE,

*Managers on the part of the House.*

