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**House Report to Accompany  
Agricultural Act of 1948  
H.R. Rep. No. 80-1776 (1948)**

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## STABILIZATION OF AGRICULTURAL PRICES

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APRIL 21, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HOPE, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany H. R. 6248]

The Committee on Agriculture, to whom was referred the bill (H. R. 6248) to authorize the Secretary of Agriculture to stabilize prices of agricultural commodities; to amend section 22 of the Agricultural Adjustment Act, reenacted by the Agricultural Marketing Agreement Act of 1937; and for other purposes, having considered the same, report thereon with a recommendation that it do pass with the following amendments:

(1) Page 1, line 9, strike out the word "harvested" and insert in lieu thereof the word "marketed".

(2) Page 2, line 1, strike out the date "December 31, 1949" and insert in lieu thereof "June 30, 1950".

(3) Page 2, line 6, strike out the following "(except cooperators outside the commercial corn-producing area, in the case of corn)".

(4) Page 2, lines 10 to 12, strike out lines 10, 11, and 12.

(5) Page 2, line 13, strike out the subparagraph number "(3)" and substitute in lieu thereof the number "(2)", and strike out the following: "(except noncooperators outside the commercial corn-producing area, in the case of corn)".

(6) Page 2, line 20, strike out the word "section" and insert in lieu thereof the word "subsection".

(7) Page 2, line 23, strike out the date "December 31, 1949" and insert in lieu thereof "June 30, 1950".

(8) Page 3, line 4, strike out the word "any".

(9) Page 3, line 4, strike out the period at the end of the line and substitute a comma and add the following: "except milk and its products, which shall be supported at 90 percentum of the parity or comparable price."

(10) Page 3, line 10, add a new sentence at the end of line 10 as follows:

In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to eligibility of producers for price support.

(11) Page 3, line 13, strike out the date "1948" and insert in lieu thereof the date "December 31, 1948".

(12) Page 3, line 14, strike out the date "1949" and insert in lieu thereof the date "June 30, 1950".

(13) Page 3, line 25, insert a period after "(c)" and strike out the remainder of the sentence ending on page 4, line 2, and add the following:

In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to eligibility of producers for price support.

#### STATEMENT

The accompanying bill would provide for a continuation on a modified basis of price support for producers of agricultural commodities until June 30, 1950. The levels at, and methods by, which support may be provided have been modified to provide for improved administration and greater flexibility in the conduct of price-support operations so as to give to producers proper protection and to provide an adequate supply of agricultural commodities at fair prices to consumers.

#### PRICE-SUPPORT PROGRAMS AND THE WAR

The price-support programs for agricultural commodities which would be modified and continued by this bill came into being principally because of the urgent demands for increased food and fiber production to meet war and essential civilian needs. Some of the price-support programs were built upon and around prior legislation, such as the Agricultural Adjustment Act of 1938, as amended. Other programs were inaugurated under powers already vested in the executive branch of the Government without further legislative action. Still other programs came about as the result of amendments to legislation dealing with price control and economic stabilization activities during the war. These programs have been invaluable in obtaining necessary production of agricultural commodities. Most of the various price-support programs were scheduled to terminate 2 years after the 1st day of January immediately following the date upon which the President, by proclamation, or the Congress, by concurrent resolution, declared that hostilities in the present war had terminated. This 2-year period of mandatory price support at certain levels was provided originally to give producers an opportunity to make readjustments in production. The President, by proclamation, on December 31, 1946, declared that hostilities in the present war had ceased, thereby automatically terminating, in the absence of further legislation, certain price-support programs on December 31, 1948.

The Committee on Agriculture shortly after the Eightieth Congress convened commenced working to develop a new and long-range agricultural program to supplant the wartime program. Extensive hearings were held in Washington throughout the first session of the

Eightieth Congress. During the summer recess the committee held hearings throughout the length and breadth of the Nation to obtain first-hand the views of the farmers to assist in developing a long-range agricultural policy.

In the period since the issuance of the President's proclamation events of great significance to our economy have taken place throughout the world. These developments included one of the worst weather periods in the history of western Europe, which resulted in a further drastic reduction in an already greatly reduced agricultural production. In June came the speech of the Secretary of State outlining the so-called Marshall plan. Shortly thereafter there developed the crises in France, Italy, and Austria which brought about the enactment of the Foreign Aid Act of 1947 authorizing emergency aid for such countries. The aid provided under that act required the exportation of large quantities of agricultural commodities. Concurrently with these events, the 16 nations embraced within the so-called Marshall proposal were busily engaged, in conjunction with representatives of this country, in developing a plan of aid designed to assist in the economic recovery of western Europe and in the stabilization of free governments which were being subjected to increased pressures from the east. This culminated in the European recovery program and the enactment of the Economic Cooperation Act of 1948. The effect of these developments has been to change drastically the agricultural outlook from what it was at the time the President declared an end to hostilities and at the time the committee commenced work on its long-range agricultural program in this Congress.

All of the developments referred to above have resulted in heavy demands upon American agriculture equivalent to those experienced during the war. During and since the war, it has been necessary to continue agricultural production far above prewar levels, and farmers have not had an opportunity as was contemplated to adjust their production to anything like anticipated normal peacetime demands because urgent needs for food and fiber throughout the world have been too great. The full impact of the foreign Aid Act of 1947, approved December 17, 1947, and of the Economic Cooperation Act of 1948, approved April 3, 1948, on American agriculture is not yet known, and no one can, with certainty, predict what it will be. We may, however, be assured that the repercussions will be great. In view of these rapidly changing circumstances and conditions, the committee has experienced extreme difficulty in attempting to formulate a long-range agricultural price-support policy which will be effective under conditions which may be expected to exist under normal peacetime situations and at the same time meet conditions as they exist at present. The reason for this difficulty is readily apparent. Programs designed to meet average peacetime situations simply are not adequate to cope with the extraordinary domestic and international conditions confronting the world today. At present, there appears to be little prospect of any substantial lessening in the demands for products of American farms from that experienced during the past year. It is imperative, therefore, that we keep in readiness the tools by which we may obtain food production at maximum levels, consistent with sound land-conservation practices, if we are to have available at fair prices the kinds and amounts of food needed to meet our domestic requirements and at the same time carry out the obliga-

tions we have assumed in foreign fields. It is also necessary that the tools be flexible enough to bring about adjustments to meet changing conditions. The accompanying bill provides that flexibility.

There is at present considerable uncertainty in the minds of farmers, and among Government officials administering various agricultural and foreign-aid programs, concerning the agricultural situation which will prevail after the end of this year. Since some of these support programs are scheduled to terminate at the stroke of midnight on December 31, 1948, while others continue on throughout the marketing year for certain 1948 crops, our production and marketing pattern could be severely distorted unless these uncertainties are removed at an early date. The committee is, therefore, recommending the immediate enactment of the accompanying bill, which provides for a continuation of price-support programs on a somewhat modified basis. The authority provided under this bill, it is believed, will permit maximum production of essential commodities to be obtained and at the same time permit such adjustments in the production and marketings of certain less essential commodities as may be necessary to bring about a reasonable balance in the supply of foods and other agricultural commodities with changing levels of demand.

In recommending enactment of this bill it should clearly be recognized that the committee is continuing its work in formulating a long-range agricultural price-support policy. For this and for the other reasons referred to herein, the committee believes it would be unwise at this time to extend the price-support programs provided for in the accompanying bill beyond June 30, 1950. Prior to that time, the committee expects to have some recommendations with respect to a long-range agricultural price-support policy available for the consideration of the Congress. The enactment of this program now, however, will give farmers assurance of continued price support so that they can, with confidence, make plans for the future and provide the quantities of food and other farm products so vitally needed in the world today.

#### ANALYSIS OF THE BILL

Section 1 (a): Section 1 (a) of the bill, as amended by the committee, provides for a continuation of price support for cotton, wheat, corn, tobacco, rice, and peanuts which are marketed before June 30, 1950. This will provide price support throughout the normal marketing period and permit ample opportunity for the 1949 crops to be marketed in their customary manner.

As amended, the bill will provide for price support, if producers have not disapproved marketing quotas, at 90 percent of parity for cooperators, and for noncooperators at 60 percent of the rate specified for cooperators, and only on so much of the commodity as would be subject to penalty if marketed. This is the same level at which such commodities have been authorized to receive price support under the present provisions of law, with the exception of cotton, which has been authorized to be supported at 92½ percent of the parity price, and of corn produced outside the commercial corn-producing area, which has been authorized to be supported at the rate of 75 percent of the rate specified for cooperators for corn produced within the commercial corn-producing area. The provisions of the bill having to do with commercial and noncommercial corn-producing areas have

been eliminated, because it is desirable, in times of short supply, to obtain the desired production irrespective of the area in which such production is obtained.

Price-support programs under this bill are authorized to be provided in the form of loans, purchases, or other operations, whereas under the existing law such price support has been authorized in the form of loans. Price support which may be carried out in the form of loans, purchases, or other operations will give greater flexibility and make for improved administration.

Section 1 (b): Section 1 (b) of the bill authorizes and directs the Secretary of Agriculture to provide price support for those commodities with respect to which the Secretary of Agriculture, by public announcement pursuant to the provisions of the act of July 1, 1941, as amended, had requested an expansion of production. The level at which such commodities are to be supported is not less than 60 percent of the parity or comparable price and not more than the level at which such commodities were supported in 1948, except that milk and its products are to be supported at 90 percent of the parity or comparable price. In providing price support for milk and its products at 90 percent, it is intended that programs should be carried out in such manner as to reflect to producers of milk and butterfat 90 percent of the parity price and not to provide price support for processors, except as it may be necessary to reflect the support level to producers of milk and butterfat. Under the present law commodities covered by this subsection have been required to be supported at not less than 90 percent of the parity or comparable price. Under this section, except as to milk and its products, price support may be reduced as low as not less than 60 percent of the parity or comparable price, thereby enabling the Secretary of Agriculture to reduce the support level when necessary to discourage production of less essential commodities and to prevent surpluses. The bill will also permit such commodities to be supported at the levels at which they are to be supported in 1948, if the Secretary deems it necessary to support prices at such levels in order to obtain needed production.

In addition to having authority to vary the support level, the Secretary, under the committee amendment, is also authorized to require compliance with production goals and marketing regulations as a condition to eligibility for price support. This authority is believed necessary to provide for the effective administration of price-support programs, particularly with respect to certain highly perishable commodities. This provision will also authorize the continuance of the production goals and marketing regulations which have been announced by the Department of Agriculture in connection with the 1948 price-support program for potatoes.

Section 1 (c): Section 1 (c) will continue the present price-support program for wool, which would otherwise terminate on December 31, 1948, until June 30, 1950. The authority under which this program is conducted has not been changed in any other respect.

Section 1 (d): Section 1 (d) declares it to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture shall, after taking into consideration the availability of funds, be carried out so as to bring the price and income of producers of other agricultural commodities to a fair parity relationship with the commodities covered in subsections (a), (b), and (c). The intent of

this provision is the same as that of the present law, with the exception that the authority of the Secretary to take into consideration the ability of producers to bring supplies into line with demand and to require that producers take such action through the imposition of production goals or marketing regulations as a condition to eligibility for price support has been broadened.

Section 2: This section authorizes the Secretary of Agriculture to use any funds available to the Department of Agriculture, or any agency operating under the supervision of the Secretary of Agriculture, for price support or stabilization operations in carrying out the provisions of this act.

Section 3: This section would amend section 22 of the Agricultural Adjustment Act as reenacted by the Agricultural Marketing Agreement Act of 1937. The bill is designed to strengthen price-support programs for American agricultural commodities and to prevent their disruption through excessive imports of foreign commodities.

The revision of section 22 would carry out recommendations heretofore made by the President to the Congress and more recently requested of this Congress by the Secretary of Agriculture.

In requesting revision of section 22, the Secretary of Agriculture stated:

The field within which the authority granted by section 22 may be exercised is so limited that the authority cannot be of much aid to the Department of Agriculture in discharging its price-support obligations in this period of adjustment. If a program of the Department is not undertaken pursuant to one of the three statutes referred to in section 22, the authority conferred by that section may not be utilized to control the importation of an article the importation of which is materially interfering with the successful operation of the program by the Department.

The principal changes contemplated by this section of the bill are:

(1) To extend the authority of section 22 so as to cover not only agricultural commodities but also the products thereof;

(2) To extend such authority so as to cover articles the import of which affects any loan, purchase, or other programs or operations undertaken by the Department of Agriculture (including price support and stabilization operations) with respect to any agricultural commodity or product thereof;

(3) To make the provisions with respect to quantitative limitation restrictions applicable to the total quantity of an article imported during a representative period as determined by the President, rather than to each country's average annual quantity of the article imported during the period from January 1, 1929, to December 31, 1933, as now provided;

(4) To authorize the President, by a specific grant of authority, to describe designated articles by physical qualities, value, use, or upon such bases as he determines;

(5) To clarify the definition with respect to the fees authorized, which are considered duties for some purposes, as now provided, so that they shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States, as, for example, our duty preference arrangements with Cuba; and

(6) To prohibit enforcement of a proclamation under section 22 that would be in contravention of any treaty or international agreement to which the United States is a party.

## CHANGES IN EXISTING LAW

In compliance with clause 2a of rule XIII of the House of Representatives, changes in existing law made by this bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is italicized, and existing law in which no change is proposed is shown in roman):

PUBLIC LAW 360, EIGHTIETH CONGRESS, APPROVED AUGUST 5, 1947, TO PROVIDE SUPPORT FOR WOOL, AND FOR OTHER PURPOSES

SECTION 1. (a) The Community Credit Corporation shall continue, until [1948] 1949, to support a price to producers of wool in the continental United States and Territories at the price it supported wool in 1946.

(b) Notwithstanding any other provisions hereof, the Commodity Credit Corporation may adjust support prices for individual grades and qualities of wool for the purpose of bringing about a fair and equitable relationship in the support prices for the various grades and qualities of wool; and may make discounts from support prices for off-quality, inferior-grade, or poorly prepared wool.

SEC. 2. The provisions of sections 385, 386, and 388 of the Agricultural Adjustment Act of 1938, as amended, shall be applicable to the support operations carried out pursuant to the first section of this Act.

SEC. 3. The Commodity Credit Corporation may, until December 31, [1948] 1949, dispose of wool owned by it without regard to any restriction imposed upon it by law.

The changes in existing law proposed by section 1 (c) of the bill referred to above show the changes as made by the bill as introduced. There are set forth below the changes that would be made by the committee amendments:

SECTION 1. (a) The Commodity Credit Corporation shall continue, until [December 31, 1948] June 30, 1950, to support a price to producers of wool in the continental United States and territories at the price it supported wool in 1946.

(b) Notwithstanding any other provisions hereof, the Commodity Credit Corporation may adjust support prices for individual grades and qualities of wool for the purpose of bringing about a fair and equitable relationship in the support prices for the various grades and qualities of wool; and may make discounts from support prices for off-quality, inferior-grade, or poorly prepared wool.

SEC. 2. The provisions of sections 385, 386, and 388 of the Agricultural Adjustment Act of 1938, as amended, shall be applicable to the support operations carried out pursuant to the first section of this Act.

SEC. 3. The Commodity Credit Corporation may, until [December 31, 1948] June 30, 1950, dispose of wool owned by it without regard to any restriction imposed upon it by law.

SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT, REENACTED BY SECTION 1 OF THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

SEC. 22. (a) Whenever the President has reason to believe that any [one or more] article or articles are being or are practically certain to be imported into the United States under such conditions and in [sufficient] such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken[, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation,] under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall

cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation[s] shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees [on, or such limitations on the total quantities of,] *not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary [to prescribe] in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation [undertaken, or will not] referred to in subsection (a), of this section, or reduce substantially the amount of any product processed in the United States from any [commodity subject to and] such agricultural commodity or product thereof with respect to which any such program [is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended] or operation is being undertaken: Provided, That no [limitation shall be imposed] proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be [imported from any country] entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the [average annual] total quantity of such article or articles which was [imported from such country during the period from January 1, 1929, to December 31, 1933, both dates inclusive.] entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: And provided further, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.*

(c) The fees and [import restrictions proclaimed] limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, [in such proclamation, revocation, suspension, or modification] and such fees [which shall not be in excess of 50 per centum ad valorem,] shall be treated for [the] administrative purposes [of all provisions of law relating to customs revenue] and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930 [ ], but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States.

[(e)] (d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist [ ], or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section

[(d)] (e) Any decision of the President as to facts under this section shall be final.

(f) No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.

