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**Conference Report to Accompany  
Agricultural Act of 1949  
H.R. Rep. No. 81-1459 (1949)**

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## AGRICULTURAL ACT OF 1949

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OCTOBER 19, 1949.—Ordered to be printed  
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Mr. COOLEY, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H. R. 5345

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5345) to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes, 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 to the text of the bill 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 Act of 1949"*.

#### TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. *The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:*

(a) For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

The level of support shall be not less than the following percentage of the parity price:

(b) For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:

Not more than 108	90
More than 108 but not more than 110	89
More than 110 but not more than 112	88
More than 112 but not more than 114	87
More than 114 but not more than 116	86
More than 116 but not more than 118	85
More than 118 but not more than 120	84
More than 120 but not more than 122	83
More than 122 but not more than 124	82
More than 124 but not more than 125	81
More than 125 but not more than 126	80
More than 126 but not more than 127	79
More than 127 but not more than 128	78
More than 128 but not more than 129	77
More than 129 but not more than 130	76
More than 130	75

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price.

(d) Notwithstanding the foregoing provisions of this section—

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

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

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

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

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

(e) Notwithstanding any of the provisions of this Act, section 2 of the Act of July 28, 1945 (59 Stat. 506), shall continue in effect.

## TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

SEC. 201. The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for wool (including mohair), tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat as follows:

(a) The price of wool (including mohair) shall be supported through loans, purchases, or other operations at such level, not in excess of 90 per centum nor less than 60 per centum of the parity price therefor, as the Secretary determines necessary in order to encourage an annual production of approximately three hundred sixty million pounds of shorn wool;

(b) The price of tung nuts, honey, and early, intermediate, and late Irish potatoes, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor;

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through loans on, or purchases of, the products of milk and butterfat.

## TITLE III—OTHER NONBASIC AGRICULTURAL COMMODITIES

SEC. 301. The Secretary is authorized to make available through loans, purchases, or other operations price support to producers for any nonbasic agricultural commodity not designated in title II at a level not in excess of 90 per centum of the parity price for the commodity.

SEC. 302. Without restricting price support to those commodities for which a marketing quota or marketing agreement or order program is in effect, price support shall, insofar as feasible, be made available to producers of any storable nonbasic agricultural commodity for which such a program is in effect and who are complying with such program. The level of such support shall not be in excess of 90 per centum of the parity price of such commodity nor less than the level provided in the following table:

<i>If the supply percentage as of the beginning of the marketing year is:</i>	<i>The level of support shall be not less than the following percentage of the parity price:</i>
Not more than 102-----	90
More than 102 but not more than 104-----	89
More than 104 but not more than 106-----	88
More than 106 but not more than 108-----	87
More than 108 but not more than 110-----	86
More than 110 but not more than 112-----	85
More than 112 but not more than 114-----	84
More than 114 but not more than 116-----	83
More than 116 but not more than 118-----	82
More than 118 but not more than 120-----	81
More than 120 but not more than 122-----	80
More than 122 but not more than 124-----	79
More than 124 but not more than 126-----	78
More than 126 but not more than 128-----	77
More than 128 but not more than 130-----	76
More than 130-----	75

*Provided, That the level of price support may be less than the minimum level provided in the foregoing table if the Secretary, after examination of the availability of funds for mandatory price support programs and consideration of the other factors specified in section 401 (b), determines that such lower level is desirable and proper.*

*SEC. 303. In determining the level of price support for any nonbasic agricultural commodity under this title, particular consideration shall be given to the levels at which the prices of competing agricultural commodities are being supported.*

#### TITLE IV—MISCELLANEOUS

*SEC. 401. (a) The Secretary shall provide the price support authorized or required herein through the Commodity Credit Corporation and other means available to him.*

*(b) Except as otherwise provided in this Act, the amounts, terms, and conditions of price support operations and the extent to which such operations are carried out, shall be determined or approved by the Secretary. The following factors shall be taken into consideration in determining, in the case of any commodity for which price support is discretionary, whether a price-support operation shall be undertaken and the level of such support and, in the case of any commodity for which price support is mandatory, the level of support in excess of the minimum level prescribed for such commodity: (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn, (3) the availability of funds, (4) the perishability of the commodity, (5) the importance of the commodity to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price-support operation, (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand.*

*(c) Compliance by the producer with acreage allotments, production goals and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support.*

(d) *The level of price support for any commodity shall be determined upon the basis of its parity price as of the beginning of the marketing year or season in the case of any commodity marketed on a marketing year or season basis and as of January 1 in the case of any other commodity.*

*SEC. 402. Notwithstanding any other provision of this Act, price support at a level in excess of the maximum level of price support otherwise prescribed in this Act may be made available for any agricultural commodity if the Secretary determines, after a public hearing of which reasonable notice has been given, that price support at such increased level is necessary in order to prevent or alleviate a shortage in the supply of any agricultural commodity essential to the national welfare or in order to increase or maintain the production of any agricultural commodity in the interest of national security. The Secretary's determination and the record of the hearing shall be available to the public.*

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

*SEC. 404. The Secretary, in carrying out programs under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act, may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract), and make advance payments to it.*

*SEC. 405. No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this Act unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent the Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program.*

*SEC. 406. The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced.*

*SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give considera-*

tion to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses.

SEC. 408. For the purposes of this Act—

(a) A commodity shall be considered storable upon determination by the Secretary that, in normal trade practice, it is stored for substantial periods of time and that it can be stored under the price-support program without excessive loss through deterioration or spoilage or without excessive cost for storage for such periods as will permit its disposition without substantial impairment of the effectiveness of the price-support program.

(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn to a producer outside the commercial corn-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

(c) A "basic agricultural commodity" shall mean corn, cotton, peanuts, rice, tobacco, and wheat, respectively.

(d) A "nonbasic agricultural commodity" shall mean any agricultural commodity other than a basic agricultural commodity.

(e) The "supply percentage" as to any commodity shall be the percentage which the estimated total supply is of the normal supply as determined by the Secretary from the latest available statistics of the Department of Agriculture as of the beginning of the marketing year for the commodity.

(f) "Total supply" of any nonbasic agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

(g) "Carry-over" of any nonbasic agricultural commodity for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any part of the crop or production of such commodity which was produced in the United States during the calendar year then current. The carry-over of any such commodity may also include the quantity of such commodity in processed form on hand in the United States at the beginning of such

marketing year, if the Secretary determines that the inclusion of such processed quantity of the commodity is necessary to effectuate the purposes of this Act.

(h) "Normal supply" of any nonbasic agricultural commodity for any marketing year shall be (1) the estimated domestic consumption of the commodity for the marketing year for which such normal supply is being determined, plus (2) the estimated exports of the commodity for such marketing year, plus (3) an allowance for carry-over. The allowance for carry-over shall be the average carry-over of the commodity for the five marketing years immediately preceding the marketing year in which such normal supply is determined, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. In determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

(i) "Marketing year" for any nonbasic agricultural commodity means any period determined by the Secretary during which substantially all of a crop or production of such commodity is normally marketed by the producers thereof.

(j) Any term defined in the Agricultural Adjustment Act of 1938, shall have the same meaning when used in this Act.

SEC. 409. (a) Section 301 (a) (1) (B) of the Agricultural Adjustment Act of 1938, as amended by the Agricultural Act of 1948 (defining "adjusted base price"), is amended by adding at the end thereof the following: "As used in this subparagraph, the term 'prices' shall include wartime subsidy payments made to producers under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942."

(b) Section 301 (a) (1) (C) of such Act, as so amended (defining "parity index"), is amended (1) by inserting after the word "buy" a comma and the following: "wages paid hired farm labor", and (2) by inserting after "such prices" a comma and the word "wages".

(c) Section 301 (a) (1) of such Act, as so amended, is amended by adding at the end thereof the following new subparagraph:

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

(d) Section 301 (b) (10) (A) of such Act, as so amended (defining "normal supply"), is amended by striking out "7 per centum in the case of corn" and inserting in lieu thereof "10 per centum in the case of corn".

(e) Section 322 (a) of such Act, as so amended (relating to corn marketing quotas), is amended by adding at the end thereof the following: "With respect to the 1950 crop of corn the determination and proclamation required by this section may be made, notwithstanding the foregoing, at any time prior to February 1, 1950, using 1949 as 'such calendar year' for the purposes of (1) and (2) of the preceding sentence."

(f) Section 328 of such Act, as so amended (relating to corn acreage allotments), is amended by striking out "reserve supply level" and inserting in lieu thereof "normal supply".

SEC. 410. Section 4 of the Act of March 8, 1938, as amended (15 U. S. C., 1946 edition, 713a-4), is amended by substituting a colon for the period at the end of the next to the last sentence thereof and adding the

following: "Provided, That this sentence shall not limit the authority of the Corporation to issue obligations for the purpose of carrying out its annual budget programs submitted to and approved by the Congress pursuant to the Government Corporation Control Act (31 U. S. C., 1946 edition, sec. 841)."

SEC. 411. Section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (U. S. C., title 7, sec. 612c), is amended by inserting before the last sentence thereof the following: "The sums appropriated under this section shall be devoted principally to perishable nonbasic agricultural commodities (other than those designated in title II of the Agricultural Act of 1949) and their products."

SEC. 412. Determinations made by the Secretary under this Act shall be final and conclusive: Provided, That the scope and nature of such determinations shall not be inconsistent with the provisions of the Commodity Credit Corporation Charter Act.

SEC. 413. This Act shall not be effective with respect to price support operations for any agricultural commodity for any marketing year or season commencing prior to January 1, 1950, except to the extent that the Secretary of Agriculture shall, without reducing price support theretofore undertaken or announced, elect to apply the provisions of this Act.

SEC. 414. Section 302 of the Agricultural Adjustment Act of 1938, as amended and any provision of law in conflict with the provisions of this Act are hereby repealed.

SEC. 415. (a) Except as modified by this Act or by Public Law 272, Eighty-first Congress, sections 201 (b), 201 (d), 201 (e), 203, 207 (a), and 208 of the Agricultural Act of 1948 shall be effective for the purpose of taking any action with respect to the 1950 and subsequent crops upon the enactment of this Act. If the time within which any such action is required to be taken shall have elapsed prior to the enactment of this Act, such action shall be taken within thirty days after the enactment of this Act.

(b) No provision of the Agricultural Act of 1948 shall be deemed to supersede any provision of Public Law 272, Eighty-first Congress.

(c) Section 301 (b) (10) of the Agricultural Adjustment Act of 1938, as amended, by section 201 (d) of the Agricultural Act of 1948, is amended (1) by striking out of subparagraph (A) the following: "cotton," (2) by striking out of subparagraph (A) the following: "30 per centum in the case of cotton," and (3) by adding at the end thereof the following subparagraph:

"(C) The 'normal supply' of cotton for any marketing year shall be the estimated domestic consumption of cotton for the marketing year for which such normal supply is being determined, plus the estimated exports of cotton for such marketing year, plus 30 per centum of the sum of such consumption and exports as an allowance for carry-over."

(d) Section 301 (b) (16) of the Agricultural Adjustment Act of 1938, as amended by section 201 (e) of the Agricultural Act of 1948 is amended (1) by striking out of subparagraph (A) the following: "cotton," and (2) by adding the following subparagraph:

"(C) 'Total supply' of cotton for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of cotton in the United States during the calendar year in which such marketing year begins and the estimated imports of cotton into the United States during such marketing year."

(e) Sections 201 (c), 205, 206, and 207 (c) of the Agricultural Act of 1948 are hereby repealed.

SEC. 416. In order to prevent the waste of food commodities acquired through price support operations which are found to be in danger of loss through deterioration or spoilage before they can be disposed of in normal domestic channels without impairment of the price support program, the Secretary of Agriculture and the Commodity Credit Corporation are authorized, upon application by the Munitions Board or any other Federal agency and on such terms and under such regulations as may be deemed in the public interest, to make such commodities available to any such agency for use in making payment for commodities not produced in the United States. Any such commodities which are not disposed of pursuant to the foregoing sentence may be made available by the Secretary and the Commodity Credit Corporation at the point of storage at no cost, save handling and transportation costs incurred in making delivery from the point of storage, as follows in the order of priority set forth: First, to school-lunch programs; and to the Bureau of Indian Affairs and Federal, State, and local public welfare organizations for the assistance of needy Indians and other needy persons; second, to private welfare organizations for the assistance of needy persons within the United States; third, to private welfare organizations for the assistance of needy persons outside the United States.

SEC. 417. (a) Section 41 of the Farm Credit Act of 1933 (U. S. C., title 12, sec. 1134c) is amended by adding at the end thereof the following:

"Notwithstanding any limitations or conditions imposed by law, but subject to the availability of funds, each Bank for Cooperatives shall have power and authority to make separate loans to cooperative associations as defined in the Agricultural Marketing Act, as amended, for the purpose of financing the construction of structures for the storage of agricultural commodities (other than structures to provide refrigerated cold storage or structures in areas in which existing privately owned storage facilities for the commodity concerned are adequate) in amounts up to a maximum of 80 per centum of the cost of such structures, as approved by the Bank for Cooperatives to whom application is made for the loan: Provided, That the cooperative association which has applied for any loan shall have furnished to the Bank for Cooperatives an appropriate commitment from the Commodity Credit Corporation that the Commodity Credit Corporation will lease or guarantee utilization of not less than 75 per centum of the storage space contained in such structures when completed for a period of at least three years if such structures are not additions to existing structures, or two years if such structures are additions to existing structures."

(b) Section 34 of the Farm Credit Act of 1933 (U. S. C., title 12, sec. 1134j) is amended by adding at the end thereof the following:

"Notwithstanding any limitations or conditions imposed by law, but subject to the availability of funds, the Central Bank for Cooperatives shall have power and authority to make separate loans to cooperative associations as defined in the Agricultural Marketing Act, as amended, for the purpose of financing the construction of structures for the storage of agricultural commodities (other than structures to provide refrigerated cold storage or structures located in areas in which existing privately owned storage facilities for the commodity concerned are adequate) in amounts up to a maximum of 80 per centum of the cost of such structures,

as approved by such bank: *Provided, That the cooperative association which has applied for any loan shall have furnished to such bank an appropriate commitment from the Commodity Credit Corporation that the Commodity Credit Corporation will lease or guarantee utilization of not less than 75 per centum of the storage space contained in such structures when completed for a period of at least three years if such structures are not additions to existing structures, or two years if such structures are additions to existing structures.*"

SEC. 418. (a) Sections 353, 354, 355, and 356 of the Agricultural Adjustment Act of 1938, as amended, are amended to read as follows:

"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) *The State acreage allotment shall be apportioned to farms owned or operated by persons who have produced rice in any one of the five calendar years immediately preceding the year for which such apportionment is made on the basis of past production of rice by the producer on the farm taking into consideration the acreage allotments previously established for such owners or operators; abnormal conditions affecting acreage; land, labor, and equipment available for the production of rice; crop rotation practices; and the soil and other physical factors affecting the production of rice: Provided, That if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the Act, he may provide for the apportionment of the State acreage allotment to farms on which rice has been produced during any one of such period of years on the basis of the foregoing factors, using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such owners or operators. Not more than 3 per centum of the State acreage allotment shall be apportioned among farms operated by persons who will produce rice during the calendar year for which the allotment is made but who have not produced rice in any one of the past five years, on the basis of the applicable apportionment factors set forth herein: Provided, That in any State in which allotments are established for farms on the basis of past production of rice on the farm such percentage of the State acreage allotment shall be apportioned among the farms on which rice is to be planted during the calendar year for which the apportionment is made but on which rice was not planted during any of the past five years, on the basis of the applicable apportionment factors set forth herein.*

"(c) *Notwithstanding any other provisions of this Act—*

"(1) *if farm acreage allotments are established by using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the*

producer and the acreage allotments previously established for owners or operators, the State acreage allotment shall be apportioned among counties in the State on the same basis as the national acreage allotment is apportioned among the States and the county acreage allotments shall be apportioned to farms on the basis of the applicable factors set forth in subsection (b) of this section: Provided, That the State committee may reserve not to exceed 5 per centum of the State allotment, which shall be used to make adjustments in county allotments for trends in acreage and for abnormal conditions affecting plantings;

"(2) any acreage planted to rice in excess of the farm acreage allotment shall not be taken into account in establishing State, county, and farm acreage allotments.

#### "MARKETING QUOTAS

"SEC. 354. (a) Whenever in any calendar year the Secretary determines that the total supply of rice for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 10 per centum, the Secretary shall not later than December 31 of such calendar year proclaim such fact and marketing quotas shall be in effect for the crop of rice produced in the next calendar year.

"(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 farmers engaged in the production of the immediately preceding crop of rice 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 the 15th day of February, proclaim the result of the referendum and such quotas shall become ineffective.

#### "AMOUNT OF FARM MARKETING QUOTA

"SEC. 355. The farm marketing quota for any crop of rice shall be the actual production of rice on the farm less the normal production of the acreage planted to rice on the farm in excess of the farm acreage allotment. The normal production from such excess acreage shall be known as the 'farm marketing excess': Provided, That the farm marketing excess shall not be larger than the amount by which the actual production of rice on the farm exceeds the normal production of the farm acreage allotment if the producer establishes such actual production to the satisfaction of the Secretary.

#### "PENALTIES AND STORAGE

"SEC. 356. (a) Whenever farm marketing quotas are in effect with respect to any crop of rice, the producer shall be subject to a penalty on the farm marketing excess at a rate per pound equal to 50 per centum of the parity price per pound for rice as of June 15 of the calendar year in which such crop is produced.

"(b) The farm marketing excess of rice shall be regarded as available for marketing and the amount of penalty shall be computed upon the normal production of the acreage on the farm planted to rice in excess of the farm acreage allotment. If a downward adjustment in the amount of the farm marketing excess is made pursuant to the proviso in section

355, the difference between the amount of the penalty computed upon the farm marketing excess before such adjustment and as computed upon the adjusted marketing excess shall be returned to or allowed the producer.

“(c) The person liable for payment or collection of the penalty shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the date of payment of such penalty.

“(d) Until the penalty on the farm marketing excess is paid, postponed, or avoided, as provided herein, all rice produced on the farm and marketed by the producer shall be subject to the penalty provided by this section and a lien on the entire crop of rice produced on the farm shall be in effect in favor of the United States.

“(e) The penalty on the farm marketing excess on any crop of rice may be avoided or postponed or by disposing of the commodity in such other manner, not inconsistent with the purposes of this Act, as the Secretary shall prescribe, including, in the discretion of the Secretary, delivery to Commodity Credit Corporation or any other agency within the Department. The Secretary shall issue regulations governing such storage or other disposition. Unless otherwise specified by the Secretary in such regulations, any quantity of rice so stored or otherwise disposed of shall be of those types and grades which are representative of the entire quantity of rice produced on the farm. Upon failure so to store or otherwise dispose of the farm marketing excess of rice within such time as may be determined under regulations prescribed by the Secretary, the penalty on such excess shall become due and payable. Any rice delivered to any agency of the Department pursuant to this subsection shall become the property of the agency to which delivered and shall be disposed of at the direction of the Secretary in a manner not inconsistent with the purposes of this act.

“(f) Subject to the provisions of subsection (g) of this section, the penalty upon the farm marketing excess stored pursuant to this section shall be paid by the producer at the time and to the extent of any depletion in the amount so stored except depletion resulting from some cause beyond the control of the producer or from substitution of the commodity authorized by the Secretary.

“(g) (1) If the planted acreage of the then current crop of rice for any farm is less than the farm acreage allotment, the amount of the commodity from any previous crop of rice stored to postpone or avoid payment of the penalty shall be reduced by an amount equal to the normal production of the number of acres by which the farm acreage allotment exceeds the acreage planted to rice.

“(2) If the actual production of the acreage of rice on any farm on which the acreage of rice is within the farm acreage allotment is less than the normal production of the farm acreage allotment, the amount of rice from any previous crop stored to postpone or avoid payment of the penalty shall be reduced by an amount which, together with the actual production of the then current crop will equal the normal production of the farm acreage allotment: Provided, That the reduction under this paragraph shall not exceed the amount by which the normal production of the farm acreage allotment less any reduction made under paragraph (1) of this subsection is in excess of the actual production of the acreage planted to rice on the farm.”

(b) Section 301 (b) (1) (B) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the word "cotton" a comma and the word "rice".

(c) Section 301 (b) (9) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "rice".

SEC. 419. Section 344 (f) (3) of the Agricultural Adjustment Act of 1938, as amended by Public Law 272, Eighty-first Congress, is amended (i) by striking the figure "10" in the first sentence and inserting therefor the figure "15", and (ii) by striking the figure "30" in the proviso and inserting therefor the figure "20".

And the Senate agree to the same:

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. R. POAGE,  
GEORGE M. GRANT,  
CLIFFORD R. HOPE,  
AUGUST H. ANDRESEN,  
REID F. MURRAY,

*Managers on the Part of the House.*

ELMER THOMAS,  
ALLEN J. ELLENDER,  
SCOTT W. LUCAS,  
CLINTON P. ANDERSON,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
EDWARD J. THYE,

*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. 5345) to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes, submit the following statement in explanation of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the bill struck out all after the enacting clause and inserted in lieu of the text of the House bill the amended text of a bill as passed by the Senate. The conferees have agreed upon amendments to the Senate amendment to bring it more closely into conformity with the objectives of the bill as passed by the House.

Except for clarifying, minor, or technical changes the differences between the House bill and the bill as agreed upon by the committee of conference and recommended in the accompanying report are explained below:

### GENERAL STATEMENT

The bill as recommended by the conferees repeals the price-support sections of title II of the Agricultural Act of 1948 and establishes a permanent support program for agricultural commodities embodying the following major factors:

(1) Establishment of a modernized parity formula that includes wages paid hired labor in the computation of parity prices;

(2) A provision that for four crop years beginning with the 1950 crop year, in order to cushion the transition from uncontrolled to controlled production or marketing of basic commodities and the shift to the new parity formula, that the parity price for the basic commodities shall not be lower than the parity price for such commodities as computed under the parity formula now in effect;

(3) A classification of agricultural commodities under three main groups for purposes of price support—(a) basic commodities, (b) designated nonbasic commodities, and (c) all other nonbasic commodities;

(4) In order to cushion further the transition from wartime production, the bill also provides that, regardless of the supply position, the support level for the six basic commodities shall not be less than 90 percent of parity for the 1950 crop and not less than 80 percent of parity for the 1951 crop, provided producers have not disapproved marketing quotas and acreage allotments or marketing quotas are in effect on such crops.

### TITLE I—BASIC AGRICULTURAL COMMODITIES

Mandatory price supports are provided to cooperators for the basic commodities—corn, wheat, cotton, rice, peanuts, and tobacco. For the four crop years 1950, 1951, 1952, and 1953, in order to cushion the

transition period during which producers are required to reduce production, support levels for the basic crops are to be computed both under the existing parity formula and under that established in the bill, and producers given the advantage of the higher of the two parity prices, hereinafter referred to as "alternative parity." It is estimated that for the first few years the existing formula will provide a higher parity for certain of the basics, while the new formula will provide a higher parity for livestock and certain other commodities.

The support level for the basic commodities will be 90 percent of parity for the crop year 1950 and not less than 80 percent for the crop year 1951, if producers have not disapproved marketing quotas and if acreage allotments or marketing quotas are in effect. Tobacco is to be supported permanently at 90 percent of parity whenever marketing quotas are in effect. The alternative parity will be available each of these years and it is estimated that for the years 1950 and 1951, the level of support to producers of cotton and probably other basic commodities will be higher than it would be at 90 percent of modernized parity. After the crop year 1951, the support level for all of the basics, except tobacco, will be not more than 90 percent of parity and not less than the minimum level specified in the tables in this title, and the alternative parity will continue through the crop year 1953.

It is the understanding of the conferees that in computing the parity price under the existing formula, the weights and factors used to make up the parity index at the time of the conference (October 18, 1949) will continue to be used.

This title of the bill contains schedules which establish minimum levels of price support in relation to supplies. In carrying out the mandatory price-support program for the basic commodities, however, the Secretary is not bound to fix the price support at the minimum level prescribed by the schedules, nor shall he be bound in any respect by the factors set forth in section 401 (b), but is given full discretionary authority to establish the support level at any point up to 90 percent of parity.

If producers disapprove marketing quotas, the support level will be 50 percent of parity except in the case of tobacco, for which there will be no price support if marketing quotas are disapproved.

The level of price support for corn to cooperators outside the commercial corn-producing area will be 75 percent of the level of price support to cooperators in the commercial corn-producing areas.

Under the House bill the basic commodities were to be supported for 1 year at 90 percent of the parity price whenever producers had not disapproved marketing quotas.

#### TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

Beginning in 1950 permanent mandatory price support is made available for certain nonbasic agricultural commodities, at levels to be determined by the Secretary of Agriculture within the minimums and maximums provided in the bill. Wool, including mohair, is to be supported at such levels between 60 to 90 percent of the parity price as the Secretary of Agriculture determines necessary, in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool. Tung nuts, honey, and Irish potatoes are to be supported within a range of 60 to 90 percent of parity. Whole

milk, butterfat, and the products thereof, are to be supported at such level not in excess of 90 percent nor less than 75 percent of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. The Secretary is required to provide price support for milk, butterfat, and the products thereof, through loans on, or purchases of, the products of milk and butterfat.

In providing price support for milk, butterfat, and the products of such commodities, it is intended that programs will be carried out through loans on, or purchases of, butter, cheese, evaporated milk, and dry milk powders so as to assure to the producers of milk and butterfat the benefit of the price support authorized by the bill.

The requirement that the price of wool, including mohair, be supported at not less than 60 or more than 90 percent of parity contemplates that separate parity price will be computed for sheep's wool and mohair, respectively. The level of support for mohair may vary from that for sheep's wool within the range indicated. The level of support for sheep's wool must, however, be such as to encourage an annual production of 360,000,000 pounds of shorn wool independent of pulled wool or mohair. In establishing the level of support for mohair within the 60 to 90 percent of parity range the Secretary would, of course, be expected to take into account the level of support established for sheep's wool and to establish a level of support for mohair in proper relationship to the level of support for sheep's wool. The term "wool" includes both shorn and pulled wool.

Under the House bill mandatory price support was provided for hogs, chickens, milk, butterfat, and eggs, until January 1, 1951, at 90 percent of the parity or comparable price. Irish potatoes, dry peas (certain varieties), dry beans (certain varieties), soybeans for oil, peanuts for oil, American-Egyptian cotton, sweetpotatoes, and turkeys were given mandatory price support at not less than 60 percent of the parity or comparable price and not more than the level of the parity or comparable price at which such commodities were supported in 1948, which in most instances was 90 percent of the parity or comparable price. Wool was given mandatory price support until June 30, 1951, at the 1946 support price level.

Mohair was given mandatory price support at not in excess of 90 percent of the parity price, taking into account the parity price at which wool was being supported.

Cottonseed was given mandatory price support at levels not in excess of the parity price, taking into account the price levels at which other commodities are being supported.

Price support was authorized until January 1, 1951, for all other agricultural commodities at the discretion of the Secretary. Price-support programs with respect to any such commodities were required to be carried out so as to bring the price and the income of the producers of such commodities to a fair parity relationship with the other commodities receiving mandatory price support. Price support for these commodities were also dependent upon the availability of funds for such operations.

#### TITLE III—OTHER NONBASIC AGRICULTURAL COMMODITIES

Under this title of the bill the Secretary of Agriculture is authorized to support any agricultural commodity other than those designated

title I and title II at levels not in excess of 90 percent of the parity price.

Within the availability of funds for mandatory price-support programs, and after consideration of certain factors enumerated below, price support is required, insofar as feasible, to be made available to producers of any storable nonbasic agricultural commodity for which a marketing quota or marketing agreement or order program is in effect.

The factors to be taken into consideration by the Secretary in determining whether price support operations shall be undertaken, and the level of such support, are as follows:

- (1) The supply of the commodity in relationship to the demand therefor;
- (2) The price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relationship to corn;
- (3) The availability of funds;
- (4) The perishability of the commodity;
- (5) The importance of the commodity to agriculture and the national economy;
- (6) The ability to dispose of stocks acquired in price support operations;
- (7) The need for offsetting temporary losses of export markets;
- (8) The ability and willingness of producers to keep supplies in line with demand.

In the case of any commodity for which price support is not mandatory, the determination as to whether a price-support operation shall be undertaken and the level of such support is to be made after consideration of the factors enumerated above.

These factors are substantially the same as contained in title II of the Agricultural Act of 1948, the main exception being the addition of the reference to feed values of feed grains in relation to corn.

#### CHANGES IN THE PARITY FORMULA

The bill recommended by the conferees continues the provision of title II of the Agricultural Act of 1948 for a modernized parity formula to become effective in 1950, with the additional provision that wages paid hired farm labor are to be used in computing the parity index and that wartime subsidy payments to producers to maintain ceiling prices under the Emergency Price Control Act of 1942 shall be taken into consideration in determining parity prices.

The parity formula thus established sets up a parity price structure favorable to a livestock agricultural economy. The parity prices for most livestock and animal products are relatively higher under the new parity and those for the grains and certain other basic commodities are relatively lower. In order to bridge the transition from the existing parity formula to that established in the bill, the provision has been included which requires that for the first four crop years after the effective date of the act (1950 through 1953) support prices for basic commodities shall be based upon the higher of the two parity formulas—that established in the bill and that now in operation—thus setting up the existing parity for the basic commodities as an effective minimum parity for the next 4 years.

## METHODS AND PREREQUISITES OF PRICE SUPPORT

The Secretary is authorized to require such compliance by producers with acreage allotments, production goals and marketing practices (including marketing quotas when authorized by law) as he determines necessary, in order to be eligible for the price support. This provision is substantially the same as the provision contained in the Agricultural Act of 1948 and, among other things, will authorize the Secretary of Agriculture to condition price support for potatoes and other nonbasic agricultural commodities upon producers agreeing to use marketing agreements and orders issued pursuant to the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, with respect to such commodities in such production or marketing areas as the Secretary may designate.

## FORWARD PRICING

The bill provides for forward pricing and directs the Secretary of Agriculture, insofar as practicable, to announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing season. The level of price support so announced may not exceed 90 percent of the estimated parity price, but in no event shall the level of price support so announced be reduced if the level provided in the schedules in the bill is less than the level so announced.

The words "insofar as practicable" were included in this section so as not to preclude the Secretary from providing price support in instances where no announcement was made prior to the planting or marketing season. For example, situations might arise under which conditions might not have warranted the announcement of a price-support program with respect to a nonbasic agricultural commodity until after the planting season or the beginning of the marketing season had passed. This provision would permit the Secretary to provide price support for such a commodity even though he had made no announcement prior to the planting or marketing season.

## DISPOSAL OF AGRICULTURAL COMMODITIES

In determining general sales policies for basic agricultural commodities or storable nonbasic commodities, the Commodity Credit Corporation and the Secretary of Agriculture are required to establish such prices, terms, and conditions as will not discourage or deter manufacturers, processors, or dealers from acquiring and carrying normal inventories of the current crop of the commodity. The Corporation is not permitted to sell any basic agricultural commodity or storable nonbasic commodity at less than 5 percent above the current support price for such commodity, plus reasonable carrying charges. In determining reasonable carrying charges the Secretary or the Corporation is not required to compute the actual cost incurred in carrying the commodity, but it is intended that there should be established a reasonable amount for carrying charges sufficiently realistic to discourage manufacturers, processors, and dealers from relying on Commodity Credit Corporation stocks as a source of supply rather than carrying normal inventories of their own.

In order to prevent waste of food commodities acquired through price-support operations found to be in danger of loss through deterioration or spoilage before they can be disposed of in normal domestic channels without impairment of the price-support program, the Secretary of Agriculture and the Commodity Credit Corporation are authorized, upon such terms and conditions as may be deemed in the public interest, to make such commodities available to the Munitions Board or any other Federal agency for use in making payment for commodities not produced in the United States. Any such commodities not disposed of in the manner referred to above may be made available at point of storage, at no cost except handling and transportation costs incurred in making delivery, in the following order of priority: (1) the school-lunch program and to the Bureau of Indian Affairs and Federal, State, and local public-welfare organizations for the assistance of needy Indians and other needy persons; (2) to private welfare organizations for the assistance of needy persons within the United States; and (3) to private welfare organizations for the assistance of needy persons outside the United States.

#### RICE

The bill completely revises the method of establishing and apportioning acreage allotments and marketing quotas for rice, and authorizes allotments to farms upon farm history, upon the recommendation of the State committee and approval of the Secretary, instead of to producers upon personal history, as was previously the case.

#### AMENDMENTS TO THE FARM CREDIT ACT

The Farm Credit Act is amended to authorize banks for cooperatives and the Central Bank for Cooperatives to make loans to cooperative associations for the purpose of financing up to 80 percent of the cost of the construction of structures for the storage of agricultural commodities (other than structures to provide refrigerated cold storage or structures in areas in which existing privately owned storage facilities for the commodity concerned are adequate). Such loans are not authorized unless the cooperative association making application for the loan shall have furnished the bank an appropriate commitment from the Commodity Credit Corporation that the Corporation will lease or guarantee the utilization of not less than 75 percent of the storage space contained in such structures, when completed, for a period of at least 3 years in the case of completely new structures or 2 years if such structures are an addition to existing structures.

#### MISCELLANEOUS PROVISIONS

Price support in excess of 90 percent of the parity price may be made available for any agricultural commodity if the Secretary of Agriculture determines, after reasonable notice and public hearing, that price support at such increased level is necessary in order to prevent or alleviate a shortage in the supply of any such agricultural commodity essential to the national welfare, or in order to increase or maintain production of any such commodity in the interest of national security.

Appropriate adjustments are authorized to be made in the support price for difference in grade, type, staple, quantity, location, and other

factors. Middling  $\frac{7}{8}$ -inch cotton is made the standard grade for purposes of parity and price support, continuing the policy which has heretofore prevailed with respect to cotton and is in accord with a similar provision contained in Public Law 272, Eighty-first Congress.

Sums made available under section 32 of the act approved August 24, 1935, which represent 30 percent of the gross receipts from duties collected under the custom laws, are directed to be devoted principally to the support of perishable nonbasic agricultural commodities other than those designated under title II of the Agricultural Act of 1949.

The bill amends section 344 (f) (3) of the Agricultural Adjustment Act of 1938, as amended by Public Law 272, Eighty-first Congress, which relates to cotton, so as to authorize county committees to reserve not in excess of 15 percent of the county allotment for the uses authorized therein.

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