



**Senate Report to Accompany
Agricultural Act of 1956
S. Rep. No. 84-1966 (1956)**

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AGRICULTURAL ACT OF 1956

MAY 11, 1956.—Filed under authority of the order of the Senate of MAY 10
(legislative day, MAY 7), 1956, and ordered to be printed

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

REPORT

together with

MINORITY VIEWS

[To accompany H. R. 10875]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 10875) to enact the Agricultural Act of 1956, having considered the same, report thereon with a recommendation that it do pass with amendments.

GENERAL STATEMENT

On January 5, 1955, H. R. 12 was introduced in the House of Representatives. After hearings by the House Committee on Agriculture, it was reported on March 10 and passed on May 5, 1955. The Senate Committee on Agriculture held extensive hearings in Washington and throughout the country during the summer and following the convening of this session of Congress. On January 9, 1956, the President submitted to Congress a number of proposals, which were carefully studied by your committee and by Congress. As a result of these hearings and proposals, S. 3183 was reported by your committee on February 10, 1956, and, after extensive debate which lasted from February 22 to March 19, perfected by the Senate and substituted, by amendment, for the text of H. R. 12 as passed by the House. The conference report on H. R. 12 was submitted to the House on April 6, 1956, following extensive consideration by conferees from both Houses and, on April 11, 1956, was agreed to by the House and Senate. On April 16, 1956, H. R. 12 was vetoed by the President (H. Doc. 380), who objected to certain provisions of H. R. 12. H. R. 10875 contains most of the provisions of H. R. 12,

as passed by the Congress, the provisions objected to by the President having been either eliminated or modified.

DIFFERENCES BETWEEN H. R. 10875 AND H. R. 12

Except for minor technical or clerical amendments, H. R. 10875, with the committee amendments, differs from H. R. 12 as passed by the Congress only in the following respects:

(1) The provisions of H. R. 12 dealing with price supports for the basic commodities and milk and butterfat, the dual parity formula, and a domestic parity plan for wheat have been omitted from the bill.

(2) The bill directs the Secretary to carry out an acreage-reserve program for 1956 "to the extent he deems practicable."

(3) The termination procedure prescribed for the termination of conservation reserve contracts has been extended to acreage reserve contracts.

(4) Section 105 (b) (sec. 205 (b) of H. R. 12) has been modified to provide affirmatively that acreage-reserve-program compensation for any year (specifically mentioning 1956) shall be paid when compliance with acreage-reduction requirements has been determined. This subsection previously prohibited payment until such compliance had been determined.

(5) Section 203 has been added to the bill to direct the Commodity Credit Corporation to sell cotton for export at prices not exceeding the prices for which cotton is being offered by other countries, and during the marketing year beginning August 1, 1956, at prices not exceeding the lowest prices accepted under the program announced August 12, 1955. Such quantities would be required to be sold as would reestablish the United States fair share of the world market. The Commodity Credit Corporation now has an export sales program for cotton and this section would require the cotton sold under this program to be priced competitively with that of other countries.

(6) The 1957 and 1958 national acreage allotments for cotton would be required by section 302 to be apportioned to the States in the same proportion that they shared in the 1956 allotted acreage.

(7) The provision fixing the minimum national rice-acreage allotment for 1957 at the acreage allotted in 1956 and freezing the States' proportionate shares for 1957 has been transposed from title V to section 304 and extended to the 1958 crop.

(8) The 51-million-acre base acreage for corn would be made applicable to the 1956 crop, even if there should not be an acreage-reserve program for corn for 1956.

(9) Section 308 (a) (sec. 408 (a) of H. R. 12) has been modified to permit price support for corn to be made available to producers who do not comply with the requirements of that section as to keeping within their base acreages and devoting land to the soil bank. The level of support to such producers would be such, not in excess of that for producers complying with those requirements, as the Secretary determines will facilitate the effective operation of the price-support program. This change was necessary to permit the Secretary to continue his announced program of price support for corn producers not complying with their acreage allotments.

(10) Section 308 (d) (sec. 408 (d) of H. R. 12) has been modified in the following respects:

(a) Its provisions have been limited to 1956 and 1957, and it would be applicable to 1956 even if there should not be an acreage-reserve program for corn for 1956.

(b) The level of support for corn in the noncommercial area would be 82½ (instead of 85) percent of parity.

(c) The level of support for the 1956 crops of grain sorghums, barley, rye, and oats would be 76 percent of parity (the level for 1957 being the same as provided by H. R. 12, 5 points less than the percent of parity applicable to corn in the commercial area).

(d) Producers of feed grains (corn in the noncommercial area, grain sorghums, barley, rye, and oats) would not be required to keep within their base acreages or devote land to the soil bank to be eligible for the price support provided by the bill for 1956 (and consequently the savings clause to provide lower support for 1956 to those not complying was omitted from the bill).

(e) To be eligible for the support price specified by the bill for 1957, producers of such feed grains would be required to plant not more than 100 (instead of 85) percent of their feed grain base acreage. (They would still be required to devote an acreage of cropland equal to 15 percent of their base acreage to either the acreage reserve for feed grains or the conservation reserve.)

(f) The Secretary would be authorized to make price support available in 1957 to producers of such feed grains not meeting the acreage requirements of the bill (such support to be at levels not in excess of those available to producers meeting such requirements). The Secretary would be required to make support available to such producers in 1957 if he makes support available to corn producers not meeting the acreage requirements of the bill for corn. In the latter case, the relationship of the support for producers not in compliance to that for producers in compliance would be the same for each of the feed grains as for corn.

(11) The forest products price reporting and research provisions of section 602 of the Senate amendment to H. R. 12 (which was dropped in conference) have been incorporated as section 402 of the bill.

(12) The two-price plan for rice has been made discretionary. It would become effective only if and when the Secretary determines that the initiation of such a program is administratively feasible and in the best interests of rice producers and the United States. It is now too late for such a program to be effectively administered for the 1956 crop. The Secretary is therefore given authority to make it effective for 1957 and 1958 or 1958 and 1959 if at the time of initiating the program he finds the requisite conditions exist. This change made it necessary to change the effective dates of the inventory-adjustment payment, set-aside, and processing and import-tax provisions and to modify the inventory adjustment payment formula.

(13) The transitional parity price for each of the basic agricultural commodities would be frozen during 1957 and 1958 at 95 percent of old parity. Beginning in 1959 the reduction of 5 percentage points per year would be resumed, if an improved parity formula should not be adopted before that time. Corn, wheat, and peanuts are the only commodities which would be affected by this freeze provision. The bill provides for a study of the parity formula, as did H. R. 12 (sec. 602).

THE COMMITTEE AMENDMENTS

The committee amendments, in addition to technical and clarifying amendments, would make the following changes in the bill:

(A) The amendments adopted by the House which would have (1) extended the acreage-reserve program to grazing lands and all field crops designated by the Secretary; (2) increased the annual acreage-reserve-program limitation from \$750 million to \$800 million; and (3) extended the prohibition on leasing Government lands for agricultural production to all "agricultural commodities" instead of "price-supported crops" would be eliminated from the bill by the committee amendments. There are no acreage allotments for field crops not specifically designated in the bill or for grazing lands, and acreage-reserve programs for them would consequently present many difficult administrative problems, and it is questionable that effective programs could be developed. The extension of the Government land leasing prohibition to "agricultural commodities" would have cast some doubt on the Government's authority to issue grazing permits on national forest and Taylor Grazing Act lands.

(B) The Secretary is directed to carry out an acreage-reserve program in 1956 "to the extent he deems practicable."

(C) The 51-million-acre base acreage for corn would be applicable in 1956 and price support would be made available to producers of corn in the noncommercial area, grain sorghums, barley, rye, and oats in 1956, even if there were no acreage-reserve programs for corn in 1956. The 1956 support level for grain sorghums, barley, rye, and oats would be 76 percent of parity, and producers of such grains and corn in the noncommercial area would not be required to comply with any acreage restrictions in 1956 to qualify for price support. In 1957 they would be permitted to plant up to their full feed grain base acreage (instead of 85 percent of such base) and still qualify for price support (the requirement for participation in the soil bank, however, not being changed). Price support in 1957 to producers not keeping within their feed grain base acreage or participating in the soil bank would be permitted, and would be required at the level specified in section 308 (d) (1) if price support were made available to corn producers not complying with corn acreage requirements.

(D) The 1956 cotton and rice acreage apportionment among the States would be frozen for 1957 and 1958, and minimum national acreage allotments for rice for 1957 and 1958 would be fixed at the acreage allotted in 1956. The minimum national acreage allotments for cotton for 1957 and 1958 prescribed by the House bill would not be changed.

(E) Section 402, which provides for forest products price reporting and research, has been added to the bill.

(F) Discretionary authority for a two-price plan for rice in 1957 and 1958 or 1958 and 1959 has been included in the bill, together with a redefinition of the "normal yield" for rice, required to facilitate the operation of such a program.

(G) The provision of H. R. 12, requiring support at competitive levels for both cottonseed and soybeans whenever the price of either is supported, has been inserted in the bill as section 601.

(H) The transitional parity price for the basic commodities would be frozen for 1957 and 1958.

A title-by-title analysis of the bill, with the committee amendments follows:

TITLE I—SOIL BANK ACT

Acreage-reserve program (secs. 103-106).—The program will be in effect for the 1957, 1958, and 1959 crops and for the 1956 crop to the extent that the Secretary deems practicable. Payments are authorized for reducing acreages of wheat, cotton, corn, peanuts, rice, tobacco, and feed grains (grain sorghums, oats, barley, rye, and corn outside commercial area). The program is voluntary, except that participation in the soil bank is required for price support for corn and, in 1957, for feed grains. To be eligible a producer must reduce below his farm-acreage allotment (or base acreage in the case of corn and feed grains.) The total base acreage for corn will be 51 million acres, and this will be applicable in 1956 in lieu of an acreage allotment, and also in subsequent years if an acreage-reserve program for corn is in effect and if farmers in referendum vote to discontinue acreage allotments and price support as now prescribed by law. In the case of feed grains the base will be the average planted for the 3 years 1953, 1954, and 1955. In apportioning the national feed grain base acreage among States, counties, and farms and administering the feed-grain acreage reserve, the Secretary is expected to establish base acreages and normal yields for all farms only in those areas where he determines that there will be sufficient participation in the program to warrant the administrative details involved. In other areas, he may establish base acreages and normal yields only for those farms for which the farmer requests the establishment of the base and normal yield. The Secretary is expected to use all available administrative checks to eliminate potential overstatement in the reporting of historical data for establishing of the base acreage. Producers are allowed to participate in the 1956 program, even though the 1956 crop is already planted. The overall annual limit on the program is \$750 million per year, with specified limits for each commodity.

Conservation reserve program (secs. 107-113).—The Secretary is authorized to enter into contracts with producers for a minimum period of 3 years and a maximum period of 10 years (15 years in the case of tree cover) under which the producer would devote a designated part of his cropland to conserving uses. He would agree not to harvest any crop from the designated acreage and not to pasture it for a specified period except under certain emergency conditions. The Secretary would be authorized to pay a fair share of the costs of establishing the conservation use and, in addition, to make an annual payment to the producer which will provide a fair and reasonable annual return for the land diverted to conservation uses. The overall limit on the program is \$450 million per year.

General provisions (secs. 115-127).—As a condition of eligibility for any payment under the soil-bank program, the producer must comply with all acreage allotments or base acreages, except the feed grain base acreage for 1956. Subject to the provisions of section 105 (b), which require in the case of the acreage-reserve program that the Secretary check compliance with the acreage-reduction requirement of the program before making acreage reserve payments for any year, section 116 authorizes payments under the soil-bank program to be made

upon the certificate of the claimant that he has complied with all the requirements for such payments prescribed by the Secretary. Subject to section 105 (b) it is intended that the Secretary shall have authority under the Soil Bank Act to provide for making payments to producers prior to their compliance with all the terms and conditions of the program for the year for which the payment is made. Thus, it would be permissible for the Secretary in contracts entered into under the conservation reserve program for any year to provide that all or a part of the annual payment (provided for in sec. 107 (b) (2)) to which a producer would be entitled for compliance with the conservation reserve program for such year would be made when the producer certifies that the cropland which he has agreed to devote to a conservation use had actually been devoted to such use or that he has actually set aside such cropland for such conservation use and has taken all practicable steps to establish the conservation use on the cropland so set aside. Under section 111, the Secretary is specifically authorized to furnish producers materials and services to assist them in establishing the conservation use provided for in their contracts. It is also intended that the Secretary shall have authority to make cost-sharing payments under section 102 (b) (1) in a similar manner for use by a producer in defraying that part of the cost to be incurred by the producer in establishing the conservation use which the Secretary has agreed to bear. Civil penalties are imposed for violation of the prohibition against cropping or grazing. Funds of the Commodity Credit Corporation may be used for carrying out the program until July 1, 1957.

TITLE II—SURPLUS DISPOSAL

Program of orderly liquidation (sec. 201).—The Secretary is required to submit to Congress within 90 days detailed programs for (1) the disposal of all Commodity Credit Corporation stocks, (2) a food stamp plan or similar program for distribution of future surplus production, and (3) the strategic stockpiling of foodstuffs and other agricultural products, both inside and outside the United States.

In addition, the Commodity Credit Corporation is required to dispose of all stock of agricultural commodities in an orderly manner and the Secretary is to report annually (1) the quantities on hand, (2) the methods and amounts of stocks disposed of, (3) estimates of future disposal, (4) a program for expansion of markets, and (5) recommendations for necessary legislation.

Extra long staple cotton (sec. 202).—Subsection (a) provides that the existing import quota on extra long staple cotton established pursuant to section 22 of the Agricultural Adjustment Act of 1933 shall, hereafter, cover the same types of cotton included in the original quota. The effect is to remove the exemption of cotton having a staple length of $1\frac{1}{8}$ inches and longer to bring such cotton back within the quota. The quota is 45.7 million pounds, or approximately 95,000 bales. About 16,000 bales of $1\frac{1}{8}$ -inch cotton was imported in 1955. The section also requires that dates for the quota year conform to normal marketing practices. The present quota year is from February 1 to January 31. Cotton stapling $1\frac{1}{8}$ inches and longer is harvested during the summer and is brought into the United States during the later summer and early fall. This section will require that appropriate

provision be made so that importers of this type of cotton will have equal opportunity to import cotton within the quota.

Subsection (b) directs the Commodity Credit Corporation, beginning not later than August 1, 1956, to exercise its existing powers and authorities to encourage the sale for export at competitive world prices, its stocks of extra long staple cotton. These stocks currently total about 97,000 bales.

Export sales program for upland cotton (sec. 203).—This section directs Commodity Credit Corporation to use its existing powers and authorities immediately upon enactment of the act to offer its cotton for sale at prices not in excess of prices at which other exporting countries are offering comparable qualities of cotton. It further provides that during the marketing year beginning August 1, 1956, Commodity Credit Corporation shall offer cotton for sale for export at prices not in excess of the minimum prices accepted under the special cotton-export program announced on August 12, 1955. The special cotton-export program provided for the sale of not more than 1 million bales of cotton having a staple length of fifteen-sixteenths of an inch and shorter. The first offers were opened on January 3, 1956, and the sale of the 1 million bales was completed with offers opened on February 28, 1956. The minimum sale price, basis Middling fifteen-sixteenths of an inch at ports, was 25.50 cents per pound. Minimum acceptable prices for other qualities were also determined on a port basis and by using the premiums and discounts prevailing in the 14 designated spot markets as follows:

Offers opened January 3: August 1955 through November 1955.

Offers opened January 10, 17, 24, and 31: August 1955 through December 1955.

Offers opened February 7, 14, 21, and 28: August 1955 through January 1956.

Agreements limiting imports (sec. 204).—The President is authorized to negotiate agreements with foreign governments in an effort to limit the export to the United States of agricultural commodities or products, including textiles and textile products.

Section 32 funds supplemented (sec. 205).—Section 205 of the bill authorizes an annual appropriation of \$500 million with a 50-percent limitation on the expenditure of such funds with respect to any one commodity, to enable the Secretary of Agriculture to further carry out the provisions of section 32.

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

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

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

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

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

The use of section 32 funds for program operations varies from year to year, depending upon economic conditions with respect to particular commodities as well as the outlets which may be available for commodities purchased. Based on total funds available under section 32 for fiscal year 1956, the largest amount that can be devoted to commodity program costs for any one commodity or product thereof is \$116,701,793. This would include the direct program costs of purchasing, processing, packaging, transporting, etc. Administrative expenses of the Department in connection with section 32 programs are not included in the calculation of the amount devoted to any one commodity. The largest amount devoted to any one commodity has been in the current fiscal year, when \$105 million or the equivalent of 22.4 percent of the total funds available has been used for commodity program costs for the purchase and donation of pork products and lard. The second largest amount was in 1954, when \$87,129,232, or 18.3 percent, was similarly used for dairy products.

*Transfer of bartered materials to supplemental stockpile (sec. 206).—*This section provides for transfer to the supplemental stockpile established by Public Law 480 of materials acquired by CCC under barter programs, unless these materials were acquired for regular stockpile or other purposes.

Strategic materials acquired through barter would be imported duty free.

The CCC will be reimbursed for materials transferred to the supplemental stockpile by amounts appropriated equal to the value of the transferred materials.

*Surplus Disposal Administrator (sec. 207).—*This section authorizes the Secretary to appoint an Agricultural Surplus Disposal Administrator at a salary of not to exceed \$15,000 per annum.

*Payment of ocean freight (sec. 208).—*This section authorizes payment of ocean-freight charges on commodities donated for foreign relief under Public Law 480 or section 416 of the Agricultural Act of 1949. Limitation on expenditures for foreign relief transfers and other costs are increased from \$300 million to \$500 million.

Commission to recommend legislation providing for increased industrial use of agricultural products (sec. 209).—This section establishes a five-member Commission on Increased Industrial Use of Agricultural Products with duties to prepare and present to Congress its recommendations designed to bring about the greatest practical use for industrial purposes of agricultural products not needed for human or animal consumption.

Not to exceed \$150,000 is authorized to be appropriated to carry out its function.

Donation to penal and correctional institutions (sec. 210).—This section authorizes CCC to donate commodities to Federal penal and correctional institutions, and to State correctional institutions for minors.

Federal irrigation, drainage, and flood-control projects (sec. 211).—For 3 years after the enactment of this act, no agricultural commodity determined by the Secretary to be in surplus supply shall receive any crop loan or Federal farm payments or benefits if grown on any newly irrigated or drained lands within any Federal irrigation or drainage project hereafter authorized unless such lands were used for the production of such commodity prior to the enactment of this act.

Processing of donated food commodities (sec. 212).—This amends the amended section 416 of the Agricultural Adjustment Act of 1949 by providing an authorization for the CCC to pay the processing costs on donated commodities in order to provide them in a form suitable for home or institutional use.

TITLE III—MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Extension of surrender and reapportionment provisions for wheat-acreage allotments (sec. 301).—This extends to the 1956 and 1957 crops of wheat authority for the surrender and reapportionment of wheat-acreage allotments.

Acreage allotments for cotton for 1957 and 1958 (sec. 302).—The national acreage allotment for cotton for 1957 and 1958 will be not less than the 1956 national acreage allotment.

In addition, the apportionment among the States for 1957 and 1958 will be in the same proportion as they shared in 1956. This section would provide minimum State allotments as set out in the following table:

TABLE 1.—Minimum State cotton-acreage allotments for 1957 and 1958 (1956 allotment)

	1956 allotment (minimum for 1957 and 1958)		1956 allotment (minimum for 1957 and 1958)
Alabama.....	1, 025, 141	Missouri.....	378, 055
Arizona.....	343, 640	Nevada.....	2, 324
Arkansas.....	1, 424, 511	New Mexico.....	179, 378
California.....	782, 405	North Carolina.....	483, 932
Florida.....	36, 974	Oklahoma.....	845, 616
Georgia.....	903, 221	South Carolina.....	726, 193
Illinois.....	3, 110	Tennessee.....	563, 491
Kansas.....	29	Texas.....	7, 410, 893
Kentucky.....	7, 799	Virginia.....	17, 114
Louisiana.....	610, 891		
Maryland.....	25	Total.....	17, 391, 304
Mississippi.....	1, 646, 562		

Cotton—Small-farm allotments (sec. 303).—For the years 1957 and 1958 there is provided an additional 100,000 acres to be allotted to States and counties on the basis of their needs for acreage in order to establish minimum farm allotments for cotton (except that Nevada would receive 1,000 acres). It also reduces the small-farm allotment to 4 acres or the highest acreage planted on the farm in the preceding 3 years, whichever is smaller, and makes the small-farm allotment mandatory in all counties (including those on a history basis). For 1956, the unused allotted acreage in the State may be used for such purpose.

TABLE 2.—*Estimated State allocations of national acreage reserve of 100,000 acres for small farms on basis of estimated needs for additional allotments for minimum allotments pursuant to provisions of H. R. 10375*¹

	<i>Estimated additional acreage required for minimum allotments</i>		<i>Estimated additional acreage required for minimum allotments</i>
Alabama.....	15, 884	Missouri.....	1, 289
Arizona.....	123	Nevada.....	1, 000
Arkansas.....	5, 631	New Mexico.....	293
California.....	582	North Carolina.....	11, 583
Florida.....	1, 949	Oklahoma.....	3, 758
Georgia.....	10, 322	South Carolina.....	7, 876
Illinois.....	53	Tennessee.....	9, 807
Kansas.....	0	Texas.....	11, 613
Kentucky.....	178	Virginia.....	1, 069
Louisiana.....	4, 835		
Maryland.....	0	United States.....	100, 000
Mississippi.....	12, 155		

¹ Additional allotments used in apportioning the proposed 100,000-acre national reserve for small farms to States were developed in the spring of 1955 in connection with estimating additional needs for small-farm minimum allotments for the 1956 program year. Such study required certain assumptions to be made regarding history acreages for farms and counties for 1955 and allotments for counties for 1956. The actual and relative needs for and between States for 1957 may vary substantially from the estimated needs for 1956 because of changes in base years and to a lesser extent the assumed data used in the study differed from actual county and farm data. Therefore, changes in State allocations from those shown in this table could be substantial.

Minimum acreage allotments for rice (sec. 304).—Section 304 would amend section 353 of the Agricultural Adjustment Act of 1938, as amended, to provide minimum State rice acreage allotments for 1956 equal to 85 percent of the final allotment established for 1955, would provide minimum national and State allotments for 1957 and 1958 equal to the final 1956 allotments, and freeze the proportionate share of each State in the national allotment. Any acreage apportioned to farms in the State from the national reserve acreage in 1956 would be included in determining the minimum allotment. The final allotment for 1955 would include the State allotment originally determined plus the increased acreages allotted in the State through legislation enacted after State allotments were originally determined.

In States having county allotments the increase in 1956 State allotments would be apportioned among counties on the same basis as the State allotment had theretofore been apportioned among counties, but without regard to adjustments for trends in acreage.

The additional acreage apportioned to each State in 1956 by this section is shown in the last column of the following table:

TABLE 3.—*Rice: Additional allotment acreage that would be apportioned to State under this section*

State	Total rice acreage apportioned to State for 1955	85 percent of total rice acreage apportioned to State for 1955	Total rice acreage apportioned to State for 1956	Additional acreage required for 1956 to provide allotment equal to 85 percent of final allotment for 1955
Arkansas.....	453,850	385,772	399,084	0
California.....	352,729	299,820	297,174	2,646
Louisiana.....	558,934	475,094	465,773	9,321
Texas.....	496,929	422,390	421,360	1,030
Mississippi.....	54,921	46,683	46,267	416
Arizona.....	269	229	227	2
Florida.....	1,126	957	949	8
Illinois.....	24	20	20	0
Missouri.....	5,388	4,590	4,557	23
North Carolina.....	34	29	29	0
Oklahoma.....	175	149	147	2
South Carolina.....	3,350	2,847	2,783	64
Tennessee.....	605	514	517	0
United States total.....	1,928,334	1,639,084	1,638,887	13,512

TABLE 4.—Rice: Indicated 1957 and 1958 State acreage allotments under H. R. 10875 as compared with indicated 1957 State allotments under the present law and 1956 State allotments now in effect

State	1956 State acreage allotment	Additional acreage apportioned to State from 1956 national reserve	Total acreage apportioned to State for 1956	Total acreage apportioned to State for 1956, adjusted for increase under this section	Indicated 1957 State allotment under present law ¹	Indicated 1957 and 1958 State allotments under this section
Arkansas.....	399,084	0	399,084	399,084	402,852	399,084
California.....	297,100	74	297,174	299,820	296,691	299,820
Louisiana.....	460,704	5,069	465,773	475,094	463,416	475,094
Texas.....	421,360	0	421,360	422,390	419,479	422,390
Mississippi.....	41,422	4,845	46,267	46,683	42,555	46,683
Arizona.....	10	217	227	229	-----	229
Florida.....	887	62	949	957	888	957
Illinois.....	11	9	20	20	14	20
Missouri.....	3,673	884	4,557	4,580	4,005	4,580
North Carolina.....	27	2	29	29	23	29
Oklahoma.....	38	109	147	149	63	149
South Carolina.....	1,958	825	2,783	2,847	2,040	2,847
Tennessee.....	517	0	517	517	502	517
Total, United States.....	1,626,791	12,096	1,638,887	1,652,399	1,632,528	1,652,399
National reserve.....	12,293	(197)	(197)	(197)	² 6,556	(197)
National allotment.....	1,639,084	12,293	1,639,084	1,652,596	1,639,084	1,652,596

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

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

Increase in peanut marketing penalties (sec. 305).—This increases the marketing penalty for peanuts from 50 to 75 percent of support price.

Collection of peanut-marketing penalties (sec. 306).—This section provides for 6 percent interest on peanut-marketing penalties and for a lien to secure the penalties.

Preservation of unused acreage allotments (sec. 307).—During the period 1956 through 1959 a producer will be permitted to preserve for future years the acreage allotment history of his unused acreage allotments.

However, this section will not be applicable in any case in which the amount of the commodity required to be stored to postpone or avoid payment of penalty has been reduced because the allotment was not fully planted.

Price support and acreage requirements for corn and other feed grains (sec. 308).—Whenever base acreages are in effect for corn, a corn producer, to be eligible for price support, would be required to keep within his farm base acreage and devote an acreage equal to 15 percent of such base acreage to either the acreage reserve for corn or the conservation reserve. However, the Secretary would be authorized to make price support available to producers not meeting these requirements at such level not in excess of that available to producers who do meet such requirements as he determines will facilitate the operation of the program. The corn-acreage allotment (43,281,000 acres) for 1956 would not be effective, being replaced as provided by section 103 (b) (1) of the bill by a base acreage of 51 million acres.

If two-thirds of the corn producers voting in a referendum to be held not later than December 15, 1956, favor substitution of discretionary price support without acreage allotments for the price support now provided by law with acreage allotments, such substitution would be made. In such case the corn base acreage of 51 million acres would be effective for 1957, 1958, and 1959, whenever an acreage reserve program was in effect.

For 1956 and, if an acreage reserve program is in effect for corn, for 1957 corn outside the commercial area would be supported at 82½ percent of the price-support level in the commercial area. Grain sorghums, barley, rye, and oats would receive price support at 76 percent of parity in 1956 without regard to whether (1) producers complied with their feed grain base acreage, if any, or participated in the soil bank or (2) an acreage-reserve program is made effective for corn in 1956. The committee felt that this support would maintain a fair competitive relationship with corn for 1956 in view of the price support being made available to noncooperators for corn. The support price for corn which has been announced for noncooperators is equal to 75.7 percent of the modernized parity price for corn, and this level was rounded off to 76 percent in the case of feed grains.

Grain sorghums, barley, rye, and oats would be supported in 1957 at 5 percentage points below the percentage of parity announced for corn in the commercial area, but in order to obtain support in 1957 feed-grain producers (including producers of corn outside the commercial area) would be required to keep within their feed grain base acreages (rather than 85 percent of such base acreages as provided by H. R. 12 or H. R. 10875 as passed by the House) and devote an acreage equal to 15 percent of such base acreage to either the acreage reserve for feed grains or the conservation reserve.

It is the purpose of this section to provide a fair competitive relationship between corn in the commercial area and other feed grains, including corn outside the commercial area. The committee amendments to this section have been designed to bring the price support levels and requirements for the feed grains in line with those for corn. Pursuant to this objective, the committee amendments to this section provide that if price support is made available in 1957 to corn producers not meeting acreage and soil-bank participation requirements, price support must be made available to feed-grain producers not complying with acreage and soil-bank participation requirements. The support prices available to complying and noncomplying feed-grain producers would be required to bear the same relationship to each other that support prices available to complying and noncomplying corn producers bear to each other. If price support is not made available in 1957 to noncomplying corn producers, the Secretary will still have authority to make price support available to noncomplying feed grain producers.

This section would increase feed grain price supports for 1956 as follows:

	Unit	Announced price support	Price sup- port under H. R. 10875
Rye.....	Bushel.....	1.16	1.27
Oats.....	do.....	.59	.65
Barley.....	do.....	.93	1.02
Grain sorghums.....	Hundredweight.....	1.80	1.97
Corn (noncommercial corn area).....	Bushel.....	1.21	1.33

TITLE IV—FORESTRY PROVISIONS

Tree planting and reforestation (sec. 401).—This section provides for assistance to States for tree planting and reforestation. The objective of this section is to step up nationwide the present rate of reforestation on all land in need of such planting irrespective of ownership. This would be accomplished through a cooperative plan of action between the individual States and the Secretary of Agriculture. The plan would originate in the States through the State foresters or equivalent State officials and after approval by the Secretary would be put into effect by a State agency. The major provisions of this section would:

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

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

(3) When the Secretary has approved the plan, authorize and direct him to assist the State in carrying out the plan, which assistance may include furnishing advice, technical assistance, and financial contributions up to an amount equal to the State expenditure for the same purpose during the same fiscal year.

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

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

Forest products (sec. 402).—This section provided for price reporting and research with respect to forest products. This section would direct the Secretary to: (1) establish a price reporting service for basic forest products such as standing timber, sawlogs, and pulpwood; (2) conduct and stimulate research aimed at developing the efficiency of marketing forest products; and (3) study price trends and relationships for basic forest products and within 2 years report thereon to the Congress.

Discretionary two-price plan for rice (sec. 501).—Section 501 authorizes a 2-price plan for rice of the 1957 and 1958 or 1958 and 1959 crops, if the Secretary determines that such a program is feasible and in the best interest of rice producers and the United States. A primary market quota for rice is to be determined and proclaimed by the Secretary of Agriculture for each marketing year for which the program would be effective. This primary market quota is to be determined on the basis of the quantity of processed rice (expressed in terms of hundredweights of rough rice) which the Secretary determines will be consumed in the United States (including its Territories and possessions and the Commonwealth of Puerto Rico) or exported to Cuba during the marketing year, taking into consideration the historical consumption of United States rice in these markets and any expected increase in consumption. In determining the primary quota, rough rice used for feed or seed would be excluded, since it is not intended that the primary quota would include rice which is not milled. For 1957, the primary market quota would be apportioned among the States on the basis of the average yield per acre of rice in each State during 1955 and 1956, multiplied by the acreage allotment for the State. Each State quota is to be apportioned among farms in the State on the basis of the acreage allotment established for each farm, multiplied by the normal yield per acre for the farm.

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

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

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

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

Inventory adjustment payments.—In order to facilitate the transition to the two-price plan, inventory adjustment payments will be made to all persons owning rough rice located in the continental United States as of the beginning of the first marketing year for which the program is effective, except that payments will not be made with respect to the rice normally marketed in such year, imported rice, or rice acquired from Commodity Credit Corporation. Such payments will be in amounts equal to the difference between 90 percent of the parity price of rice as of the beginning of such marketing year and the average price paid producers in the preceding marketing year multiplied by the quantities of such rough rice. An appropriation to reimburse Commodity Credit Corporation for such payments is authorized.

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

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

TABLE 5.—*Rice: Percentage, domestic consumption and exports (in rough rice equivalent) is of total production during the marketing years 1939-40 through 1955-56*

Marketing year (1)	Production ¹ (2)	Domestic consumption		Exports	
		Total (3)	Percent of production (4)	Total (5)	Percent of production (6)
1939-40.....	24,328	20,046	82.4	4,484	18.4
1940-41.....	24,495	21,138	86.3	5,651	23.1
1941-42.....	23,095	19,571	84.7	6,552	28.4
1942-43.....	29,082	20,266	69.7	6,961	23.9
1943-44.....	29,264	21,316	72.8	7,069	24.2
1944-45.....	30,974	20,001	64.6	10,201	32.9
1945-46.....	30,668	19,613	64.0	11,489	37.4
1946-47.....	32,497	20,162	62.0	12,291	37.8
1947-48.....	35,217	22,037	62.6	13,055	37.1
1948-49.....	38,275	22,092	57.7	14,378	37.6
1949-50.....	40,784	23,423	57.4	16,224	39.8
1950-51.....	38,757	25,693	66.3	13,167	34.0
1951-52.....	45,853	24,121	52.6	24,058	52.5
1952-53.....	48,260	25,121	52.1	25,122	52.1
1953-54.....	52,761	25,764	48.8	22,708	43.0
1954-55.....	64,514	27,839	43.2	14,385	22.3
1955-56 ²	53,617	27,917	52.1	23,000	42.9

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

² Preliminary.

Normal yield for rice (sec. 502).—The apportionment of the primary quota under the 2-price system for rice proposed by the bill requires the determination of farm normal yields. Determination of such yields has not been made in recent years, and the formula now in the law for determination of such yields is cumbersome and difficult because it would require the appraisal of yields for each individual year of the 5-year period instead of permitting appraisal of normal yield (average yield for the 5-year period).

This section would correct this situation and also provide some additional needed improvements in the normal yield formula. This amendment would—

(1) Provide for a separate computation of the county normal yield and farm normal yield;

(2) Permit each county normal yield to be computed on the basis of actual or appraised annual yields, with adjustments for abnormal weather conditions and trends in yields, and without subjecting county normal yields to check against the State normal yield;

(3) Permit appraisal of the farm normal yields in lieu of appraisal of farm annual yields, as now required;

(4) Provide for adjustment of farm normal yields for abnormal weather conditions and for trends in yields; and

(5) Provide for adjustment of county and farm normal yields to eliminate the effect of excessively low or high yields resulting from natural causes.

This would provide a more equitable method of determining farm normal yields, and eliminate the administrative expense necessary to appraise farm annual average yields.

TITLE VI—MISCELLANEOUS

Price supports—Cottonseed and soybeans (sec. 601).—Section 601 requires the prices of both cottonseed and soybeans to be supported whenever the price of either is supported and the level of support for each to be such as to permit them to compete on equal terms in the market.

Transitional parity for basic commodities frozen during 1957 and 1958 (sec. 602).—This section would freeze the transitional parity prices of the basic commodities during 1957 and 1958 at the 1956 level of 95 percent of their old parity prices. If a better formula were not developed prior to 1959, the transitional parity prices of these commodities would drop in 1959 to 90 percent of their old parity prices and would continue to drop 5 percentage points each year thereafter. However, this section directs the Secretary to make a thorough study of possible methods of improving the parity formula, and it is hoped that a more equitable and realistic formula can be worked out during the freeze period. The only commodities affected by the freeze would be wheat, corn, and peanuts. The old, transitional, and new parity prices for these commodities are shown by the following table:

TABLE 6.—Old, transitional, and new parity prices for wheat, corn, and peanuts, Apr. 15, 1956

	Unit	Old	Transitional	New
Wheat.....	Bushel.....	\$2.52	\$2.39	\$2.22
Corn.....	do.....	1.83	1.74	1.66
Peanuts.....	Pound.....	.137	.130	.115

The effect of this section upon the parity prices of these commodities is illustrated in the following table:

TABLE 7.—Comparison of effective parity prices for 1957 and 1958 under H. R. 10875 and existing law

	1957	1958
Wheat per bushel:		
H. R. 10875.....	\$2.39	\$2.39
Existing law.....	2.27	2.22
Difference.....	.12	.17
Corn per bushel:		
H. R. 10875.....	1.74	1.74
Existing law.....	1.66	1.66
Difference.....	.08	.08
Peanuts per pound:		
H. R. 10875.....	.130	.130
Existing law.....	.123	.116
Difference.....	.007	.014

CHANGES IN EXISTING LAW

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

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

* * * * *

TITLE I—SALES FOR FOREIGN CURRENCY

* * * * *

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, [and] (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) *all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended.* Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

* * * * *

TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) [f. o. b. vessels in United States ports,] as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

* * * * *

SEC. 203. Not more than [\$300,000,000] *\$500,000,000* (including the Corporation's investment in [the] *such* commodities) shall be expended for all [transfers, including delivery on board vessels in United States ports, under this title.] *such transfers and for other costs authorized by this title.* The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies

to the extent practicable. *Such transfers may include delivery f. o. b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.*

AGRICULTURAL ACT OF 1949, AS AMENDED

* * * * *

TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

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

* * * * *

TITLE IV—MISCELLANEOUS

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SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary

may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. *In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible.* For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

■ ■ ■
AGRICULTURAL ADJUSTMENT ACT OF 1938 ■ ■ ■

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

SEC. 301. (a) (1) * * *

* * * * *

(E) Notwithstanding the provisions of subparagraph (A), the transitional parity price for any agricultural commodity, computed as provided in this subparagraph, shall be used as the parity price for such commodity until such date after January 1, 1950, as such transitional parity price may be lower than the parity price, computed as provided in subparagraph (A), for such commodity. The transitional parity price for any agricultural commodity as of any date shall be—

(i) its parity price determined in the manner used prior to the effective date of the Agricultural Act of 1948, less

(ii) 5 per centum of the parity price so determined multiplied by the number of full calendar years (*not counting 1956 or 1957 in the case of basic agricultural commodities*) which, as of such date, have elapsed after January 1, 1949, in the case of nonbasic agricultural commodities, and after January 1, 1955, in the case of the basic agricultural commodities.

* * * * *

(b) (13) * * *

* * * * *

(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.】 for any county, in the case of rice, shall be the average yield per acre of rice for the county during the five calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year 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, taking into consideration the yields obtained in surrounding counties during such year and the yield in years for which data are available, shall be used as the actual yield for such year.

(E) "Normal yield" for any farm, in the case of rice, shall be the average yield per acre of rice for the farm during the five calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields, If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations issued by the Secretary, taking into consideration abnormal weather conditions, trends in yields, the normal yield for the county, the yields obtained on adjacent farms during such year and the yield in years for which data are available.

(F) In applying subparagraphs (D) and (E), if on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield for any year of such five-year period is less than 75 per centum of the average, 75 per centum of such average shall be substituted therefor in calculating the normal yield per acre. If, on account of abnormally favorable weather conditions, the yield for any year of such five-year period is in excess of 125 per centum of the average, 125 per centum of such average shall be substituted therefor in calculating the normal yield per acre.

【(e)】 (g) * * *

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APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 334. (a) * * *

* * * * *

(f) Any part of any 【1955】 1955, 1956, or 1957 farm wheat acreage allotment on which wheat will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of past acreage of wheat tillable acres, crop rotation practices, type of soil, and topography. If all of the allotted acreage voluntarily surrendered is not needed in the county, the county committee may surrender the excess acreage to the State committee to be used for the same purposes as the State acreage reserve under subsection (c) of this section. Any allotment transferred under this provision shall be regarded for the purposes of subsection (c) of this section as having been planted on the farm from which transferred rather than on the farm to which transferred, except that this shall not operate to make the farm from which the allotment was transferred eligible for

an allotment as having wheat planted thereon during the three-year base period: *Provided*, That notwithstanding any other provisions of law, any part of any [1955] 1955, 1956, or 1957 farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein. Acreage surrendered, reapportioned under this subsection, and planted shall be credited to the State and county in determining future acreage allotments.

* * * * *

NATIONAL MARKETING QUOTA

SEC. 342. Whenever during any calendar year the Secretary determines that the total supply of cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the number of bales of cotton (standard bales of five hundred pounds gross weight) adequate, together with (1) the estimated carry-over at the beginning of the marketing year which begins in the next calendar year and (2) the estimated imports during such marketing year, to make available a normal supply of cotton. The national marketing quota for any year shall be not less than ten million bales or one million bales less than the estimated domestic consumption plus exports of cotton for the marketing year ending in the calendar year in which such quota is proclaimed, whichever is smaller: *Provided*, That the national marketing quota for 1950 shall be not less than the number of bales required to provide a national acreage allotment of twenty-one million acres. Such proclamation shall be made not later than October 15 of the calendar year in which such determination is made. *Notwithstanding the foregoing provisions of this section and the provisions of section 344, the national marketing quota for cotton for 1957 and 1958 shall be not less than the number of bales required to provide a national acreage allotment for 1957 and 1958 equal to the national acreage allotment for 1956, and such national allotments for 1957 and 1958 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.*

ACREAGE ALLOTMENTS

SEC. 344. * * *

* * * * *

(b) The national acreage allotment for cotton for 1953 and subsequent years shall be apportioned to the States on the basis of the acreage planted to cotton (including the acreage regarded as having been planted to cotton under the provisions of Public Law 12, Seventy-ninth Congress) during the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed, with adjustments for abnormal weather conditions during such period: *Provided*, That there is hereby established a national acreage reserve consisting of one hundred thousand acres which shall be in addition to the national acreage allotment; and such reserve shall be apportioned to the States on the basis of their needs for additional acreage for establishing

minimum farm allotments under subsection (f) (1), as determined by the Secretary without regard to State and county acreage reserves (except that the amount apportioned to Nevada shall be one thousand acres), and the additional acreage so apportioned to the State shall be apportioned to the counties on the same basis and added to the county acreage allotment for apportionment to farms pursuant to subsection (f) of this section (except that no part of such additional acreage shall be used to increase the county reserve above 15 per centum of the county allotment determined without regard to such additional acreage). Additional acreage apportioned to a State for any year under the foregoing proviso shall not be taken into account in establishing future State acreage allotments. Needs for additional acreage under the foregoing proviso and under the last proviso in subsection (e) shall be determined as though allotments were first computed without regard to subsection (f) (1).

* * * * *

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

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

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

(2) The remainder shall be allotted to farms other than farms to which an allotment has been made under paragraph (1) (B) so that the allotment to each farm under this paragraph together with the amount

of the allotment to such farm under paragraph (1) (A) shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreages the acres devoted to the production of sugarcane for sugar; sugar beets for sugar; wheat, tobacco, or rice for market; peanuts picked and threshed; wheat or rice for feeding to livestock for market; or lands determined to be devoted primarily to orchards or vineyards, and nonirrigated lands in irrigated areas: *Provided, however,* That if a farm would be allotted under this paragraph an acreage together with the amount of the allotment to such farm under paragraph (1) (A) in excess of the largest acreage planted (and regarded as planted under Public Law 12, Seventy-ninth Congress) to cotton during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted (and regarded as planted under Public Law 12, 79th Congress) in any such year.

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

* * * * *

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

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

* * * * *

SEC. 353. * * *

(c) Notwithstanding any other provisions of this Act—

* * * * *

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

(6) The national acreage allotments of rice for 1957 and 1958 shall be not less than the national acreage allotment for 1956, including any acreage allotted under paragraph (5) of this subsection, and such national allotments for 1957 and 1958 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956.

* * * * *

MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to [50 per centum of the basic rate of the loan (calculated to the nearest tenth of a cent) for farm marketing quota peanuts for the marketing year August 1-July 31] *75 per centum of the support price for peanuts for the marketing year (August 1-July 31)*. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. Notwithstanding any

other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.

(b) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

(c) The word "peanuts" for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm.

(d) *The person liable for payment or collection of the penalty provided by this section 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.*

(e) *Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to marketing quotas in which the person liable for payment of the penalty has an interest shall be in effect in favor of the United States.*

* * * * *

PRESERVATION OF UNUSED ACREAGE ALLOTMENTS

SEC. 377. In any case in which, during any year within the period 1956 to 1959, inclusive, for which acreage planted to such commodity on any farm is less than the acreage allotment for such farm, the entire acreage allotment for such farm shall be considered for purposes of future State, county, and farm acreage allotments to have been planted to such commodity in such year, but only if the owner or operator of such farm notifies the county committee prior to the sixtieth day preceding the beginning of the marketing year for such commodity of his desire to preserve such allotment. This section shall not be applicable in any case in which the amount of the commodity required to be stored to postpone or avoid payment of penalty has been reduced because the allotment was not fully planted. Nothing herein shall be construed to permit the allotment to any other farm of the acreage with respect to which notice is given under this section.

* * * * *

SUBTITLE D—RICE CERTIFICATES

LEGISLATIVE FINDINGS

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

EFFECTIVE DATE AND TERMINATION

SEC. 380b. Sections 380c through 380g (c) shall be effective beginning with the first crop of rice, subsequent to the 1956 crop and prior to the 1959 crop, for which the Secretary determines and proclaims that the initiation of a program under this subtitle is administratively feasible and in the best interests of rice producers and the United States. Unless extended by law, the provisions of this subtitle shall not apply to rice of any crop following the second crop for which a program is in effect under sections 380c and 380g (c).

RICE PRIMARY MARKET QUOTA

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

APPORTIONMENT OF PRIMARY MARKET QUOTA

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

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

REVIEW OF PRIMARY MARKET QUOTA

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

PRICE SUPPORT

SEC. 380f. (a) Notwithstanding any other provision of law, the Commodity Credit Corporation shall make price support available to cooperators through loans, purchases, or other operations on any crop of rice for which a program is in effect under sections 380c through 380g (c) at such level, not less than 50 per centum or more than 90 per centum of the parity price therefor, as the Secretary determines will not discourage or prevent the exportation of rice produced in the United States.

(b) Section 101 of the Agricultural Act of 1949, as amended, shall not apply to price support made available on rice of any crop to which

this section is applicable, but all the other provisions of such Act, to the extent not inconsistent with this subtitle, shall apply to price support operations carried out under this section.

CERTIFICATES

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

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

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

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

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

INVENTORY ADJUSTMENT PAYMENTS

SEC. 380h. To facilitate the transition from the price support program currently in effect to the program provided for in this subtitle, the Commodity Credit Corporation shall make inventory adjustment payments to all persons owning rough rice located in the continental United States as of the beginning of the marketing year for the first crop of rice for which a program is in effect under sections 380c through 380g (c): Provided, however, That such payments shall not be made with respect to rice of such crop, imported rice, or rice acquired from Commodity Credit Corporation. The amount of such payment per hundredweight shall be the amount by which the estimated average price paid producers during the marketing year for the preceding crop exceeds the estimated average support price for the first crop for which a program is made effective. There are hereby authorized to be appropriated such sums as may be necessary to make payment to Commodity Credit Corporation for expenditures pursuant to this section.

RICE SET-ASIDE

SEC. 380i. All rough and processed rice in the inventories of Commodity Credit Corporation as of sixty days after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), not exceeding twenty million hundred-

weight of rough rice or its equivalent in processed rice may be transferred to and be made a part of the commodity set-aside of rice established pursuant to section 101 of the Agricultural Act of 1954.

EXEMPTIONS

SEC. 380j. The provisions of this subtitle shall not apply to non-irrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed three acres, and the provisions of sections 380c through 380g (c) shall not apply to rice produced in Puerto Rico or Hawaii.

PROCESSING RESTRICTIONS

SEC. 380k. (a) Each person who on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), engages in the processing of rough rice in the United States shall, upon processing any quantity of rough rice, acquire certificates issued under section 380g of this Act in an amount sufficient to cover such quantity of rough rice.

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

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

IMPORT RESTRICTIONS

SEC. 380l. Each person who, on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), imports processed rice into the United States shall acquire certificates issued under section 380g of this Act covering the rough rice equivalent of such processed rice.

REGULATIONS

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

CIVIL PENALTIES

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

REPORTS AND RECORDS

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

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

DEFINITIONS

SEC. 380p. *For the purposes of this subtitle—*

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

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

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

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

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

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

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

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

SUBTITLE [D] E—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

MINORITY VIEWS

On April 16, 1956, the President of the United States returned to the Congress without his approval, H. R. 12, designated as the "Agricultural Act of 1956."

In so doing, he pointed out that "the problem is price-depressing surpluses" and that "H. R. 12 would not correct this situation. It would encourage more surpluses."

He enumerated four specific objections to H. R. 12, among which was the following:

3. The provision for mandatory supports on the feed grains would create more problems for farmers. The market for feed grains would shrink as livestock production would come to depend more on forage and less on grain. The flow of feed grains into Government stocks would increase and production controls would necessarily be intensified. Price relationships between feed, livestock, and livestock products would be distorted. Producers of feeder cattle, feeder lambs, and feeder pigs would be faced with downward pressure on prices. An imbalance would develop between feed crops and livestock products, with all its adverse consequences.

He invited Congress to pass a soil bank act this year to be put into operation before fall seeding for next year's crops and further stated, "I am ready to sign a sound soil bank act as soon as Congress sends it to me."

The majority of the Senate Committee on Agriculture and Forestry on May 10, 1956, approved H. R. 10875 with amendments which contains not only the soil bank but specific provisions for mandatory price support of feed grains.

The bill the President vetoed provided for (1) raising price supports for corn outside the commercial corn producing area from 75 to 85 percent of the level for which corn is supported inside the commercial area; (2) initiating mandatory price supports on grain sorghums, barley, rye, and oats at 5 parity percentage points less than corn is supported inside the commercial corn area.

The bill now before the Senate, H. R. 10875, provides for 1956 and 1957 (1) raising price supports for noncommercial corn to 82½ percent of commercial and (2) initiating mandatory supports on grain sorghums, barley, rye, and oats much the same as in H. R. 12 except that in 1956 the support level would be raised from 70 to 76 percent of parity and for 1957 to 5 parity points less than commercial area corn.

Mandatory price supports for feed grains would have the following adverse effects:

1. *Mandatory controls over farmers would be greatly increased*

One hundred million acres would be added to the 170 million acres now covered by mandatory price supports.

2. Prices of feeder livestock would be reduced

In deciding how much they can pay for feeder cattle, Grain Belt men figure the probable price of the finished animal and deduct the cost of feed. The higher the price of feed in the Grain Belt, the lower the price of feeder cattle on the western range.

3. It is now too late to put this feed grain program into operation for 1956 crops

Price support on feed grains has not hitherto been mandatory, so acreage history available in the county offices is limited. By the time the necessary data could be assembled, much of the oats, barley, and rye would be harvested. For sorghum, there would have to be an extensive plow-up program. Misunderstandings would be widespread.

4. After 1956, those who do not adjust their acreage would receive no price support

A certain number might comply and receive price support, while others would stay out of the program, increase their acreage, and take the free market price. The program is subject to much the same difficulties as have been experienced by the corn program.

5. Livestock men would be further encouraged to shift away from grains toward more forage

The result would be, over time, to speed up the shift toward greater reliance on grasses and legumes which means the loss of part of the feed markets.

6. Dairymen and poultrymen who buy feed would be hurt by higher costs

Much concern about this point has already been expressed by farmers in feed-deficit areas. Whatever might be added to the farm income of one area would be subtracted to an expanded degree from others.

7. Livestock, dairy, and poultry farmers are being grossly discriminated against

Many millions of acres taken out of wheat and cotton have been put into feed grains in the last few years. The wheat and cotton farmers who took these acres out of these crops received high price supports. This has not solved the problem. The production of these acres has been dumped into the feed grain market. The Department of Agriculture estimates that feed grains equivalent to 800 million bushels of corn by weight were produced in 1954 and 1955 on land taken out of so-called controlled crops. Many of these grain producers have gone into livestock, dairy, and poultry production and have helped to depress the livestock, dairy and poultry markets. Now it is proposed to raise feed grain prices for these favored farmers.

The livestock and poultry producers who have steadfastly maintained their self-reliance and opposed price supports are appalled at this injustice. It could not be more unfair if it had been specifically designed to punish them for refusing to beg the politically powerful for price supports. The Government should be thankful that livestock and poultry producers are not seeking price supports. Their self-reliance should not be penalized by Government shifting to them problems created by producers of price supported crops.

Why should livestock, dairy, and poultry producers be forced by the Government to pay high artificial feed costs?

Why should these producers pay higher taxes for programs that merely shift burdens from the backs of other producers to themselves?

Why should they pay higher costs for production, goods and services that have been increased by hidden taxes for the payment of benefits to other producers?

The very least that the Federal Government can do is to refrain from penalizing those who seek nothing from the Government except protection of the opportunity to earn a sound, honest living.

Much is made of the "stability" brought to agriculture by many of these programs. The truth is that such a program as herein proposed for feed grains has the effect of penalizing livestock and poultry producers for the benefit of other producers and thereby unstabilizing their markets. As a matter of fact, this action will be demoralizing.

8. Imports of oats and barley would increase

This would set the stage for a demand for import controls, which might adversely affect our relations with Canada who is by far the best customer we have among the nations.

9. Feed grains supports can defeat the purpose of the soil bank

The purpose of the soil bank is to help bring down the huge surpluses to a more even balance with demand. By increasing price supports on feed grains, farmers will be encouraged to put millions of acres into feed grain production that otherwise would go into the conservation reserve program. This will build up supplies in the hands of the Government and further aggravate a deplorable situation. This is the kind of contradiction which caused the President to veto the original farm bill of 1956.

10. Regimentation will be costly

The establishment of base acreages on approximately 100 million acres of grain sorghums, rye, barley, oats, and noncommercial area corn will be difficult, irritating to farmers, and cost approximately \$36 million the first year alone. The effect will be to force the Department of Agriculture to further regiment farmers.

Not only will it be costly administratively, but it will increase feed costs in every State of the Nation. The following table shows the effect on each State of an estimated 12 percent increase in costs of purchased feed grains.