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**Conference Report to Accompany  
Food and Agricultural Act of 1965  
H.R. Rep. No. 89-1123 (1965)**

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## FOOD AND AGRICULTURE ACT OF 1965

OCTOBER 6, 1965.—Ordered to be printed

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

### CONFERENCE REPORT

[To accompany H.R. 9811]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9811) to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

*That this Act may be cited as the "Food and Agriculture Act of 1965".*

#### TITLE I—DAIRY

*SEC. 101. The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by striking in subparagraph (B) of subsection 8c(5) all of clause (d) and inserting in lieu thereof a new clause (d) to read as follows:*

*"(d) a further adjustment, equitably to apportion the total value of the milk purchased by any handler, or by all handlers, among producers and associations of producers, on the basis of their marketings of milk, which may be adjusted to reflect sales of such milk by any handler or by all handlers in any use classification or classifications, during a representative period of time which need not be limited to one year. In the event a producer holding a base allocated under this clause (d) shall reduce his*

marketings, such reduction shall not adversely affect his history of production and marketing for the determination of future bases. Allocations to producers under this clause (d) may be transferable under an order on such terms and conditions as may be prescribed if the Secretary of Agriculture determines that transferability will be in the best interest of the public, existing producers, and prospective new producers. Any increase in class one base resulting from enlarged or increased consumption and any producer class one bases forfeited or surrendered shall first be made available to new producers and to the alleviation of hardship and inequity among producers. In the case of any producer who during any accounting period delivers a portion of his milk to persons not fully regulated by the order, provision may be made for reducing the allocation of, or payments to be received by, any such producer under this clause (d) to compensate for any marketings of milk to such other persons for such period or periods as necessary to insure equitable participation in marketings among all producers";

and by adding at the end of said subparagraph (B) the following: "Notwithstanding the provisions of section 8c(12) and the last sentence of section 8c(19) of this Act, order provisions under (d) above shall not become effective in any marketing order unless separately approved by producers in a referendum in which each individual producer shall have one vote and may be terminated separately whenever the Secretary makes a determination with respect to such provisions as is provided for the termination of an order in subparagraph 8c(16) (B). Disapproval or termination of such order provisions shall not be considered disapproval of the order or of other terms of the order."

SEC. 102. Such Act is further amended (a) by adding to subsection 8c(5) the following new paragraph: "(II) Marketing orders applicable to milk and its products may be limited in application to milk used for manufacturing."; and (b) by amending subsection 8c(18) by adding after the words "marketing area" wherever they occur the words "or, in the case of orders applying only to manufacturing milk, the production area".

SEC. 103. The provisions of this title shall not be effective after December 31, 1969.

SEC. 104. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendments made by this title as it was prior thereto.

## TITLE II—WOOL

SEC. 201. The National Wool Act of 1954, as amended, is amended, as follows:

(1) By deleting from section 703 "March 31, 1966" and inserting in lieu thereof "December 31, 1969".

(2) By changing the period at the end of the third sentence of section 703 to a colon and inserting the following:

*"Provided further, That the support price for shorn wool for the 1966 and each subsequent marketing year shall be determined by multiplying 62 cents by the ratio of (i) the average of the parity index (the index of prices paid by farmers, including commodities and services, interest, taxes, and farm wage rates, as defined in section 301 (a) (1) (C) of the Agricultural Adjustment Act of 1938, as amended) for the three calendar years immediately preceding the calendar year in which such price support is determined and announced to (ii) the average parity index for the three calendar years 1958, 1959, and 1960, and rounding the resulting amount to the nearest full cent."*

*(3) By deleting the fourth sentence of section 703.*

### TITLE III—FEED GRAINS

*SEC. 301. Section 105 of the Agricultural Act of 1949, as amended, is amended by adding the following new subsection (e):*

*"(e) For the 1966 through 1969 crops of feed grains, the Secretary shall require, as a condition of eligibility for price support on the crop of any feed grain which is included in any acreage diversion program formulated under section 16 (i) of the Soil Conservation and Domestic Allotment Act, as amended, that the producer shall participate in the diversion program to the extent prescribed by the Secretary, and, if no diversion program is in effect for any crop, he may require as a condition of eligibility for price support on such crop of feed grains that the producer shall not exceed his feed grain base: Provided, That the acreage on any farm which is diverted from the production of feed grains pursuant to a contract hereafter entered into under the Crop-land Adjustment Program shall be deemed to be acreage diverted from the production of feed grains for purposes of meeting the foregoing requirements for eligibility for price support: Provided further, That the Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for price support for barley to participate in the acreage diversion program for feed grains if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, does not knowingly devote an acreage on the farm to barley in excess of 110 per centum of the average acreage devoted on the farm to barley in 1959 and 1960, does not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the acreage devoted on the farm to corn and grain sorghums in 1959 and 1960, and does not devote any acreage devoted to the production of oats and rye in 1959 and 1960 to the production of wheat pursuant to the provisions of section 328 of the Food and Agriculture Act of 1962. Such portion of the support price for any feed grain included in the acreage diversion program as the Secretary determines desirable to assure that the benefits of the price-support and diversion programs inure primarily to those producers who cooperate in reducing their acreages of feed grains shall be made available to producers through payments-in-kind. Such payments-in-kind shall be made available on the maximum permitted acreage, or the Secretary may make the same total amount available on a smaller acreage or acreages at a higher rate or rates. The number of bushels of such feed grain on which such payments-in-kind shall be made shall be determined by multiplying that part of the actual acreage of such feed grain planted on the farm for harvest on which*

*the Secretary makes such payments available by the farm projected yield per acre: Provided, That for purposes of such payments, the Secretary may permit producers of feed grains to have acreage devoted to soybeans considered as devoted to the production of feed grains to such extent and subject to such terms and conditions as the Secretary determines will not impair the effective operation of the price support program: Provided further, That for purposes of such payments, producers on any farm who have planted not less than 90 per centum of the acreage of feed grains permitted to be planted shall be deemed to have planted the entire acreage permitted. Notwithstanding the provisions of subsection (a), that portion of the support price which is made available through loans and purchases for the 1966 through 1969 crops may be reduced below the loan level for the 1965 crop by such amounts and in such stages as may be necessary to promote increased participation in the feed grain program, taking into account increases in yields, but so as not to disrupt the feed grain and livestock economy: Provided, That this authority shall not be construed to modify or affect the Secretary's discretion to maintain or increase total price support levels to cooperators. An acreage on the farm which the Secretary finds was not planted to feed grains because of drought, flood, or other natural disaster shall be deemed to be an actual acreage of feed grains planted for harvest for purposes of such payments provided such acreage is not subsequently planted to any other income-producing crop during such year. The Secretary may make not to exceed 50 per centum of any payments hereunder to producers in advance of determination of performance. Payments-in-kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains (such feed grains to be valued by the Secretary at not less than the current support price made available through loans and purchases, plus reasonable carrying charges) in accordance with regulations prescribed by the Secretary and notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates. The Secretary shall provide for the sharing of such certificates among producers on the farm on the basis of their respective shares in the feed grain crop produced on the farm, or the proceeds therefrom, except that in any case in which the Secretary determines that such basis would not be fair and equitable, the Secretary shall provide for such sharing on such other basis as he may determine to be fair and equitable. If the operator of the farm elects to participate in the acreage diversion program, price support for feed grains included in the program shall be made available to the producers on such farm only if such producers divert from the production of such feed grains, in accordance with the provisions of such program, an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In any case in which the failure of a producer to comply fully with the terms and conditions of the programs formulated under this subsection (e) and subsection (d) of this section preclude the making of payments-in-kind, the Secretary may, nevertheless, make such payments-in-kind in such amounts as he determines to be equitable in relation to the seriousness of the default."*

*SEC. 302. Section 16 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by adding the following new subsection:*

*"(i) Notwithstanding any other provision of law—*

*"(1) For the 1966 through 1969 crops of feed grains, if the Secretary determines that the total supply of feed grains will, in the absence of an acreage diversion program, likely be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices of feed grains and to meet any national emergency, he may formulate and carry out an acreage diversion program for feed grains, without regard to provisions which would be applicable to the regular agricultural conservation program, under which, subject to such terms and conditions as the Secretary determines, conservation payments shall be made to producers who divert acreage from the production of feed grains to an approved conservation use and increase their average acreage of cropland devoted in 1959 and 1960 to designated soil-conserving crops or practices including summer fallow and idle land by an equal amount. Payments shall be made at such rate or rates as the Secretary determines will provide producers with a fair and reasonable return for the acreage diverted, but not in excess of 50 per centum of the estimated basic county support rate, including the lowest rate of payment-in-kind, on the normal production of the acreage diverted from the commodity on the farm based on the farm projected yield per acre. Notwithstanding the foregoing provisions, the Secretary may permit all or any part of such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production of the commodity is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses. The term 'feed grains' means corn, grain sorghums, and, if designated by the Secretary, barley, and if for any crop the producer so requests for purposes of having acreage devoted to the production of wheat considered as devoted to the production of feed grains, pursuant to the provisions of section 328 of the Food and Agriculture Act of 1962, the term 'feed grains' shall include oats and rye and barley if not designated by the Secretary as provided above: Provided, That acreages of corn, grain sorghums, and, if designated by the Secretary, barley, shall not be planted in lieu of acreages of oats and rye and barley if not designated by the Secretary as provided above: Provided further, That the acreage devoted to the production of wheat shall not be considered as an acreage of feed grains for purposes of establishing the feed grain base acreage for the farm for subsequent crops. Such feed grain diversion program shall*

require the producer to take such measures as the Secretary may deem appropriate to keep such diverted acreage free from erosion, insects, weeds, and rodents. The acreage eligible for participation in the program shall be such acreage (not to exceed 50 per centum of the average acreage on the farm devoted to feed grains in the crop years 1959 and 1960 or twenty-five acres, whichever is greater) as the Secretary determines necessary to achieve the acreage reduction goal for the crop. Payments shall be made in kind. The acreage of wheat produced on the farm during the crop years 1959, 1960, and 1961, pursuant to the exemption provided in section 335(f) of the Agricultural Adjustment Act of 1938, as amended, prior to its repeal by the Food and Agriculture Act of 1962, in excess of the small farm base acreage for wheat established under section 335 of the Agricultural Adjustment Act of 1938, as amended, may be taken into consideration in establishing the feed grain base acreage for the farm. The Secretary may make such adjustments in acreage as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, and topography. Notwithstanding any other provision of this subsection (i) (1), the Secretary may, upon unanimous request of the State committee established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, adjust the feed grain bases for farms within any State or county to the extent he determines such adjustment to be necessary in order to establish fair and equitable feed grain bases for farms within such State or county. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance. Notwithstanding any other provision of this subsection, barley shall not be included in the program for a producer of malting barley exempted pursuant to section 105(e) of the Agricultural Act of 1949, who participates only with respect to corn and grain sorghums and does not knowingly devote an acreage on the farm to barley in excess of 110 per centum of the average acreage devoted on the farm to barley in 1959 and 1960.

“(2) Notwithstanding any other provision of this subsection, not to exceed 1 per centum of the estimated total feed grain bases for all farms in a State for any year may be reserved from the feed grain bases established for farms in the State for apportionment to farms on which there were no acreages devoted to feed grains in the crop years 1959 and 1960 on the basis of the following factors: Suitability of the land for the production of feed grains, the past experience of the farm operator in the production of feed grains, the extent to which the farm operator is dependent on income from farming for his livelihood, the production of feed grains on other farms owned, operated, or controlled by the farm operator, and such other factors as the Secretary determines should be considered for the purpose of establishing fair and equitable feed grain bases. An acreage equal to the feed grain base so established for each farm shall be deemed to have been devoted to feed grains on the farm in each of the crop years 1959

and 1960 for purposes of this subsection except that producers on such farm shall not be eligible for conservation payments for the first year for which the feed grain base is established.

“(3) There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out this section 16(i).

“(4) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

“(5) Payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains in accordance with regulations prescribed by the Secretary and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates. Feed grains with which Commodity Credit Corporation redeems certificates pursuant to this paragraph shall be valued at not less than the current support price made available through loans and purchases, plus reasonable carrying charges.

“(6) Notwithstanding any other provision of law, the Secretary may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this subsection if he determines such action necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of feed grains.”

SEC. 303. Section 326 of the Food and Agriculture Act of 1962, as amended, is amended by deleting the language beginning with “the requirements” and ending with “Agricultural Act of 1961, and” and substituting therefor “the requirements of any program under which price support is extended or payments are made to farmers, and price support may be extended or”.

#### TITLE IV—COTTON

Sec. 401. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Section 348 of the Act is amended by adding the following new sentences at the end thereof: “The Secretary may extend the period for performance of obligations incurred in connection with payments made for the period ending July 31, 1966, or may make payments on raw cotton in inventory on July 31, 1966, at the rate in effect on such date. No payments shall be made hereunder with respect to 1966 crop cotton.”

(2) Section 346 of the Act is amended by adding at the end thereof a new subsection as follows:

“(e) Notwithstanding any other provision of this Act, for the 1966, 1967, 1968, and 1969 crops of upland cotton, if the farm operator elects to forgo price support for any such crop of cotton by applying to the county committee of the county in which the farm is located for additional acreage under this subsection, he may plant an acreage not in excess of the farm acreage allotment established under section



344 plus the acreage apportioned to the farm from the national export market acreage reserve, and all cotton of such crop produced on the farm may be marketed for export free of any penalty under this section: Provided, That the foregoing shall be applicable only to farms which had upland cotton allotments for 1965 and are operated by the same operator as in 1965 or by his heir.

"For the 1966 crop the national export market acreage reserve shall be 250,000 acres. For each subsequent crop—

If the carryover at the end of the marketing year for the preceding crop is estimated to be less than the carryover at the beginning of such marketing year by—

The national export market acreage reserve shall be—

At least 1,000,000 bales-----	250,000 acres.
At least 750,000 bales, but not as much as 1,000,000 bales-----	187,500 acres.
At least 500,000 bales, but not as much as 750,000 bales-----	125,000 acres.
At least 250,000 bales but not as much as 500,000 bales-----	62,500 acres.
Less than 250,000 bales-----	None.

"The national export market acreage reserve shall be apportioned to farms by the Secretary on the basis of the applications therefor. No application shall be accepted for a greater acreage than is available on the farm for the production of upland cotton. After apportionments are thus made to farms, the Secretary shall provide farm operators a reasonable time in which to cancel their applications (and agreements to forgo price support) and surrender to the Secretary through the county committee the export market acreage assigned to the farm. Acreage so surrendered shall be available for reassignment by the Secretary to other eligible farms to which export market acreage has been apportioned on the basis of the applications remaining outstanding. The operator of any farm who elects to forgo price support for any such crop under this subsection shall not be eligible for price support on cotton of such crop produced on any other farm in which he has a controlling or substantial interest as determined by the Secretary. Acreage planted to cotton in excess of the farm acreage allotment established under section 344 shall not be taken into account in establishing future State, county, and farm acreage allotments. The operator of any farm to which export market acreage is apportioned, or the purchasers of cotton produced on such farm, shall, under regulations issued by the Secretary, furnish a bond or other undertaking prescribed by the Secretary providing for the exportation, without benefit of any Government cotton export subsidy and within such time as the Secretary may specify, of all cotton produced on such farm for such year. The bond or other undertaking given pursuant to this subsection shall provide that, upon failure to comply with the terms and conditions thereof, the person furnishing such bond or other undertaking shall be liable for liquidated damages in an amount which the Secretary determines and specifies in such undertaking will approximate the amount payable on excess cotton under subsection (a). The Secretary may, in lieu of the furnishing of a bond or other undertaking, provide for the payment of an amount equal to that which would be payable as liquidated damages under such bond or other undertaking. If such bond or other undertaking is not furnished, or if payment in lieu thereof is not made as provided herein, at such time and in the manner required by regulations of the Secretary, or if the acreage planted to cotton on the farm exceeds the sum of the farm acreage allotment established under section 344 and the acreage apportioned to the farm from the

*national export market acreage reserve, the acreage planted to cotton in excess of the farm acreage allotment established under section 344 shall be regarded as excess acreage for purposes of this section and section 345. Amounts collected by the Secretary under this subsection shall be remitted to the Commodity Credit Corporation.*

(3) Section 350 of the Act is amended, effective with the 1966 crop, to read as follows:

*"Sec. 350. In order to afford producers an opportunity to participate in a program of reduced acreage and higher price support, as provided in section 103(d) of the Agricultural Act of 1949, as amended, the Secretary shall determine a national domestic allotment for the 1966, 1967, 1968, and 1969 crops of upland cotton equal to the estimated domestic consumption of upland cotton (standard bales of four hundred and eighty pounds net weight) for the marketing year beginning in the year in which the crop is to be produced. The Secretary shall determine a farm domestic acreage allotment percentage for each such year by dividing (1) the national domestic allotment (in net weight pounds) by (2) the total for all States of the product of the State acreage allotment and the projected State yield. The farm domestic acreage allotment shall be established by multiplying the farm acreage allotment established under section 344 by the farm domestic acreage allotment percentage: Provided, That no farm domestic acreage allotment shall be less than 65 per centum of such farm acreage allotment. Such national domestic allotment shall be determined not later than October 15 of the calendar year preceding the year in which the crop is to be produced; except that in the case of the 1966 crop, such determination shall be made within 15 days after enactment of the Food and Agriculture Act of 1965."*

*Sec. 402. (a) Section 103 of the Agricultural Act of 1949, as amended, is amended by adding the following new subsection at the end thereof:*

*"(d) (1) Notwithstanding any other provision of this Act, if producers have not disapproved marketing quotas, price support and diversion payments shall be made available for the 1966, 1967, 1968, and 1969 crops of upland cotton as provided in this subsection.*

*"(2) Price support for each such crop of upland cotton shall be made available to cooperators through loans at such level, not exceeding a level which will reflect for Middling one-inch upland cotton at average location in the United States 90 per centum of the estimated average world market price for Middling one-inch upland cotton for the marketing year for such crop, as the Secretary determines will provide orderly marketing of cotton during the harvest season and will retain an adequate share of the world market for cotton produced in the United States taking into consideration the factors specified in section 401(b) of this Act: Provided, That the national average loan rate for the 1966 crop shall reflect 21 cents per pound for Middling one-inch upland cotton.*

*"(3) The Secretary also shall provide additional price support for each such crop through payments in cash or in kind to cooperators at a rate not less than 9 cents per pound: Provided, That the rate shall be such that the amount obtained by—*

*(i) multiplying the rate by the farm domestic acreage allotment percentage, and*

(ii) dividing the product thus obtained by the cooperator percentage established under section 408(b), and

(iii) adding the result thus obtained to the national average loan rate

shall not be less than 65 per centum or more than 90 per centum of the parity price for cotton as of the month in which the payment rate provided for by this paragraph is announced. Such payments shall be made on the quantity of cotton determined by multiplying the projected farm yield by the acreage planted to cotton within the farm domestic acreage allotment: Provided, That any such farm planting not less than 90 per centum of such domestic acreage allotment shall be deemed to have planted the entire amount of such allotment. An acreage on a farm in any such year which the Secretary finds was not planted to cotton because of drought, flood, or other natural disaster shall be deemed to be planted to cotton for purposes of payments under this subsection if such acreage is not subsequently devoted to any other income-producing crop in such year.

“(4) The Secretary shall make diversion payments in cash or in kind in addition to the price support payments authorized in paragraph (3) to cooperators who reduce their cotton acreage by diverting a portion of their cotton acreage allotment from the production of cotton to approved conservation practices to the extent prescribed by the Secretary: Provided, That no reduction below the domestic acreage allotments established under section 350 of the Agricultural Adjustment Act of 1938, as amended, shall be prescribed: Provided further, That payment under this paragraph shall be made available for diverting to conserving uses that part of the acreage allotment which must be diverted from cotton in order that the producer may qualify as a cooperator. The rate of payment for acreage required to be diverted in order to qualify as a cooperator shall not be less than 25 per centum of the parity price for upland cotton as of the month in which such rate is announced. The rate of payment for additional acreage diverted shall be such rate as the Secretary determines to be fair and reasonable, but shall not exceed 40 per centum of such parity price. Payment at each applicable rate shall be made on the quantity of cotton determined by multiplying the acreage diverted from the production of cotton at such rate by the projected farm yield. In addition to the foregoing payment, if any, payment at the rate applicable for acreage required to be diverted to qualify as a cooperator shall be made to producers on small farms as defined in section 408(b) who do not exceed their farm acreage allotments on a quantity of cotton determined by multiplying an acreage equal to 35 per centum of such farm acreage allotment by the projected farm yield.

“(5) The Secretary may make not to exceed 50 per centum of the payments under this subsection to producers in advance of determination of performance and the balance of such payments shall be made at such time as the Secretary may prescribe.

“(6) Where the farm operator elects to participate in the diversion program authorized in this subsection and no acreage is planted to cotton on the farm, diversion payments shall be made at the rate established under paragraph (4) for acreage required to be diverted to qualify as a cooperator on the quantity of cotton determined by multiplying that part of the farm acreage allotment required to be diverted

to qualify as a cooperator by the projected farm yield, and the remainder of such allotment may be released under the provisions of section 344(m)(2) of the Agricultural Adjustment Act of 1938, as amended. The acreage on which payment is made under this paragraph shall be regarded as planted to cotton for purposes of establishing future State, county, and farm acreage allotments, and farm bases.

“(7) Payments in kind under this subsection shall be made through the issuance of certificates which the Commodity Credit Corporation shall redeem for cotton under regulations issued by the Secretary at a value per pound equal to not less than the current loan rate therefor. The Corporation may, under regulations prescribed by the Secretary, assist the producers in the marketing of such certificates at such times and in such manner as the Secretary determines will best effectuate the purposes of the program authorized by this subsection.

“(8) Payments under this subsection shall be conditioned on the farm having an acreage of approved conservation uses equal to the sum of (i) the reduction in cotton acreage required to qualify for such payments (hereinafter called “diverted acreage”), and (ii) the average acreage of cropland on the farm devoted to designated soil-conserving crops or practices, including summer fallow and idle land, during a base period prescribed by the Secretary: Provided, That the Secretary may permit all or any part of such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production is necessary to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income, subject to the condition that payment under paragraph (4) or (6) with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses.

“(9) The acreage regarded as planted to cotton on any farm which qualifies for payment under this subsection except under paragraph (6) shall, for purposes of establishing future State, county, and farm acreage allotments and farm bases, be the farm acreage allotment established under section 344 of the Agricultural Adjustment Act of 1938, as amended, excluding adjustments under subsection (m)(2) thereof.

“(10) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing diversion payments on a fair and equitable basis under this subsection. The Secretary shall provide for the sharing of price support payments among producers on the farm on the basis of their respective shares in the cotton crop produced on the farm, or the proceeds therefrom, except that in any case in which the Secretary determines that such basis would not be fair and equitable, the Secretary shall provide for such sharing on such other basis as he may determine to be fair and equitable.

“(11) In any case in which the failure of a producer to comply fully with the terms and conditions of the programs formulated under this

*Act preclude the making of payments under this section, the Secretary may, nevertheless, make such payments in such amounts as he determines to be equitable in relation to the seriousness of the default.*

*“(12) Notwithstanding any other provision of this Act, if, as a result of limitations hereafter enacted with respect to price support under this subsection, the Secretary is unable to make available to all cooperators the full amount of price support to which they would otherwise be entitled under paragraphs (2) and (3) of this subsection for any crop of upland cotton, (A) price support to cooperators shall be made available for such crop (if marketing quotas have not been disapproved) through loans or purchases at such level not less than 65 per centum nor more than 90 per centum of the parity price therefor as the Secretary determines appropriate; (B) in order to keep upland cotton to the maximum extent practicable in the normal channels of trade, such price support may be carried out through the simultaneous purchase of cotton at the support price therefor and resale at a lower price or through loans under which the cotton would be redeemable by payment of a price therefor lower than the amount of the loan thereon; and (C) such resale or redemption price shall be such as the Secretary determines will provide orderly marketing of cotton during the harvest season and will retain an adequate share of the world market for cotton produced in the United States.*

*“(13) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act, as amended (relating to assignment of payments), shall also apply to payments under this subsection.*

*“(14) The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized in this subsection and to pay administrative expenses necessary in carrying out this subsection.”*

*(b) Section 408(b) of the Agricultural Act of 1949, as amended, is amended, effective only for the 1966 through 1969 crops, by changing the period at the end of the first sentence thereof to a colon and adding the following: “Provided, That for upland cotton a cooperator shall be a producer on whose farm the acreage planted to such cotton does not exceed the cooperator percentage, which shall be in the case of the 1966 crop, 87.5 per centum of such farm acreage allotment and, in the case of each of the 1967, 1968, and 1969 crops, such percentage, not less than 87.5 or more than 100 per centum, of such farm acreage allotment as the Secretary may specify for such crop, except that in the case of small farms (i.e. farms on which the acreage allotment is 10 acres or less, or on which the projected farm yield times the acreage allotment is 3,600 pounds or less, and the acreage allotment has not been reduced under section 344(m)) the acreage of cotton on the farm shall not be required to be reduced below the farm acreage allotment.”*

*Sec. 403. Section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subparagraphs to paragraph (13) of subsection (b):*

*“(L) ‘Projected national, State, and county yields’ for any crop of cotton shall be determined on the basis of the yield per harvested acre of such crop in the United States, the State and the county, respectively, during each of the five calendar years immediately preceding the year in which such projected yield for the United States, the State, and the county, respectively, is determined, adjusted for ab-*

normal weather conditions affecting such yield, for trends in yields, and for any significant changes in production practices.

“(M) ‘Projected farm yield’ for any crop of cotton shall be determined on the basis of the yield per harvested acre of such crop on the farm during each of the three calendar years immediately preceding the year in which such projected farm yield is determined, adjusted for abnormal weather conditions affecting such yield, for trends in yields, and for any significant changes in production practices, but in no event shall such projected farm yield be less than the normal yield for such farm as provided in subparagraph (I) of this paragraph.”

Sec. 404. Section 407 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following: “Notwithstanding any other provision of this section, for the period August 1, 1966, through July 31, 1970, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 110 per centum of the loan rate, and (2) the Commodity Credit Corporation shall sell or make available for unrestricted use at current market prices in each marketing year a quantity of upland cotton equal to the amount by which the production of upland cotton is less than the estimated requirements for domestic use and for export for such marketing year. The Secretary may make such estimates and adjustments therein at such times as he determines will best effectuate the provisions of part (2) of the foregoing sentence and such quantities of cotton as are required to be sold under such sentence shall be offered for sale in an orderly manner and so as not to affect market prices unduly.”

Sec. 405. The Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 344 the following new section:

“Sec. 344a. (a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the program involved, (1) may permit the owner and operator of any farm for which a cotton acreage allotment is established to sell or lease all or any part or the right to all or any part of such allotment (excluding that part of the allotment which the Secretary determines was apportioned to the farm from the national acreage reserve) to any other owner or operator of a farm for transfer to such farm; (2) may permit the owner of a farm to transfer all or any part of such allotment to any other farm owned or controlled by him: Provided, That the authority granted under this section may be exercised for the calendar years 1966, 1967, 1968, and 1969, but all transfers hereunder shall be for such period of years as the parties thereto may agree.

“(b) Transfers under this section shall be subject to the following conditions: (i) no allotment shall be transferred to a farm in another State or to a person for use in another State; (ii) no farm allotment may be sold or leased for transfer to a farm in another county unless the producers of cotton in the county from which transfer is being made have voted in a referendum within three years of the date of such transfer, by a two-thirds majority of the producers participating in such referendum, to permit the transfer of allotments to farms outside the county, which referendum, insofar as practicable, shall be held in conjunction with the marketing quota referendum for the commodity; (iii) no transfer of an allotment from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the

lienholder; (iv) no sale of a farm allotment shall be permitted if any sale of cotton allotment to the same farm has been made within the three immediately preceding crop years; (v) the total cotton allotment for any farm to which allotment is transferred by sale or lease shall not exceed the farm acreage allotment (excluding reapportioned acreage) established for such farm for 1965 by more than one hundred acres; (vi) no cotton in excess of the remaining acreage allotment on the farm shall be planted on any farm from which the allotment (or part of an allotment) is sold for a period of five years following such sale, nor shall any cotton in excess of the remaining acreage allotment on the farm be planted on any farm from which the allotment (or part of an allotment) is leased during the period of such lease, and the producer on such farm shall so agree as a condition precedent to the Secretary's approval of any such sale or lease; and (vii) no transfer of allotment shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section. Such record may be filed with such committee only during the period beginning June 1 and ending December 31.

“(c) The transfer of an allotment shall have the effect of transferring also the acreage history, farm base, and marketing quota attributable to such allotment and if the transfer is made prior to the determination of the allotment for any year the transfer shall include the right of the owner or operator to have an allotment determined for the farm for such year: Provided, That in the case of a transfer by lease, the amount of the allotment shall be considered for purposes of determining allotments after the expiration of the lease to have been planted on the farm from which such allotment is transferred.

“(d) The land in the farm from which the entire cotton allotment and acreage history have been transferred shall not be eligible for a new farm cotton allotment during the five years following the year in which such transfer is made.

“(e) The transfer of a portion of a farm allotment which was established under minimum farm allotment provisions for cotton or which operates to bring the farm within the minimum farm allotment provision for cotton shall cause the minimum farm allotment or base to be reduced to an amount equal to the allotment remaining on the farm after such transfer.

“(f) The Secretary shall prescribe regulations for the administration of this section, which shall include provisions for adjusting the size of the allotment transferred if the farm to which the allotment is transferred has a substantially higher yield per acre and such other terms and conditions as he deems necessary.

“(g) If the sale or lease occurs during a period in which the farm is covered by a conservation reserve contract, cropland conversion agreement, cropland adjustment agreement, or other similar land utilization agreement, the rates of payment provided for in the contract or agreement of the farm from which the transfer is made shall be subject to an appropriate adjustment, but no adjustment shall be made in the contract or agreement of the farm to which the allotment is transferred.

“(h) The Secretary shall by regulations authorize the exchange between farms in the same county, or between farms in adjoining counties within a State, of cotton acreage allotment for rice acreage



allotment. Any such exchange shall be made on the basis of application filed with the county committee by the owners and operators of the farms, and the transfer of allotment between the farms shall include transfer of the related acreage history for the commodity. The exchange shall be acre for acre or on such other basis as the Secretary determines is fair and reasonable, taking into consideration the comparative productivity of the soil for the farms involved and other relevant factors. No farm from which the entire cotton or rice allotment has been transferred shall be eligible for an allotment of cotton or rice as a new farm within a period of five crop years after the date of such exchange.

"(i) The provisions of this section relating to cotton shall apply only to upland cotton."

### TITLE V—WHEAT

SEC. 501. Effective beginning with the crop planted for harvest in the calendar year 1966, the Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Section 332 is amended by changing item (iv) in subsection (b) to read: "will be utilized during such marketing year in the United States as livestock (including poultry) feed, excluding the estimated quantity of wheat which will be utilized for such purpose as a result of the substitution of wheat for feed grains under section 328 of the Food and Agriculture Act of 1962" and by adding the following new subsection:

"(d) Notwithstanding any other provision of this Act, the Secretary shall not proclaim a national marketing quota for the crops of wheat planted for harvest in the calendar years 1966 through 1969, and farm marketing quotas shall not be in effect for such crops of wheat."

(2) Section 333 is amended to read as follows: "The Secretary shall proclaim a national acreage allotment for each crop of wheat. The amount of the national acreage allotment for any crop of wheat shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than that not harvested because of program incentives) of farm acreage allotments will produce an amount of wheat equal to the national marketing quota for wheat for the marketing year for such crop, or if a national marketing quota was not proclaimed, the quota which would have been determined if one had been proclaimed."

(3) Subsection (a) of section 334 is amended to read as follows:

"(a) The national allotment for wheat, less a reserve of not to exceed 1 per centum thereof for apportionment as provided in this subsection and less the special acreage reserve provided for in this subsection, shall be apportioned by the Secretary among the States on the basis of the preceding year's allotment for each such State, including all amounts allotted to the State and including for 1967 the increased acreage in the State allotted for 1966 under section 335, adjusted to the extent deemed necessary by the Secretary to establish a fair and equitable apportionment base for each State, taking into consideration established crop rotation practices, estimated decrease in farm allotments because of loss of history, and other relevant factors. The reserve acreage set aside herein for apportionment by the Secretary shall be used to make allotments to counties in addition to the county



*allotments made under subsection (b) of this section, on the basis of the relative needs of counties for additional allotments because of reclamation and other new areas coming into production of wheat. There also shall be made available a special acreage reserve of not in excess of one million acres as determined by the Secretary to be desirable for the purposes hereof which shall be in addition to the national acreage reserve provided for in this subsection. Such special acreage reserve shall be made available to the States to make additional allotments to counties on the basis of the relative needs of counties, as determined by the Secretary, for additional allotments to make adjustments in the allotments on old wheat farms (that is, farms on which wheat has been seeded or regarded as seeded to one or more of the three crops immediately preceding the crop for which the allotment is established) on which the ratio of wheat acreage allotment to cropland on the farm is less than one-half the average ratio of wheat acreage allotment to cropland on old wheat farms in the county. Such adjustments shall not provide an allotment for any farm which would result in an allotment-cropland ratio for the farm in excess of one-half of such county average ratio and the total of such adjustments in any county shall not exceed the acreage made available therefor in the county. Such apportionment from the special acreage reserve shall be made only to counties where wheat is a major income-producing crop, only to farms on which there is limited opportunity for the production of an alternative income-producing crop, and only if an efficient farming operation on the farm requires the allotment of additional acreage from the special acreage reserve. For the purposes of making adjustments hereunder the cropland on the farm shall not include any land developed as cropland subsequent to the 1963 crop year."*

*(4) Subsection (b) of section 334 is amended to read as follows:*

*"(b) The State acreage allotment for wheat, less a reserve of not to exceed 3 per centum thereof for apportionment as provided in subsection (c) of this section, shall be apportioned by the Secretary among the counties in the State, on the basis of the preceding year's wheat allotment in each such county, including for 1967 the increased acreage in the county allotted for 1966 pursuant to section 335, adjusted to the extent deemed necessary by the Secretary in order to establish a fair and equitable apportionment base for each county, taking into consideration established crop rotation practices, estimated decrease in farm allotments because of loss of history, and other relevant factors."*

*(5) Subsection (c) of section 334 is amended by adding new paragraphs (3) and (4) to read as follows:*

*"(3) Notwithstanding the provisions of paragraph (1) of this subsection, the past acreage of wheat for 1967 and any subsequent year shall be the acreage of wheat planted, plus the acreage regarded as planted, for harvest as grain on the farm which is not in excess of the farm acreage allotment."*

*"(4) Notwithstanding any other provision of this subsection (c), the farm acreage allotment for the 1967 and any subsequent crop of wheat shall be established for each old farm by apportioning the county wheat acreage allotment among farms in the county on which wheat has been planted, or is considered to have been planted, for*

harvest as grain in any one of the three years immediately preceding the year for which allotments are determined on the basis of past acreage of wheat and the farm acreage allotment for the year immediately preceding the year for which the allotment is being established, adjusted as hereinafter provided. For purposes of this paragraph, the acreage allotment for the immediately preceding year may be adjusted to reflect established crop-rotation practices, may be adjusted downward to reflect a reduction in the tillable acreage on the farm, and may be adjusted upward to reflect such other factors as the Secretary determines should be considered for the purpose of establishing a fair and equitable allotment: Provided, That (i) for the purposes of computing the allotment for any year, the acreage allotment for the farm for the immediately preceding year shall be decreased by 7 per centum if for the year immediately preceding the year for which such reduction is made neither a voluntary diversion program nor a voluntary certificate program was in effect and there was noncompliance with the farm acreage allotment for such year; (ii) for purposes of clause (i), any farm on which the entire amount of farm marketing excess is delivered to the Secretary, stored, or adjusted to zero in accordance with applicable regulations to avoid or postpone payment of the penalty when farm marketing quotas are in effect, shall be considered in compliance with the allotment, but if any part of the amount of wheat so stored is later depleted and penalty becomes due by reason of such depletion, the allotment for such farm next computed after determination of such depletion shall be reduced by reducing the allotment for the immediately preceding year by 7 per centum; and (iii) for purposes of clause (i) if the Secretary determines that the reduction in the allotment does not provide fair and equitable treatment to producers on farms following special crop rotation practices, he may modify such reduction in the allotment as he determines to be necessary to provide fair and equitable treatment to such producers."

(6) Subsection (d) of section 334 is repealed.

(7) Subsection (g) of section 334 is amended by striking out the language "except as prescribed in the provisos to the first sentence of subsections (a) and (b), respectively, of this section" in the first sentence.

(8) Section 335 is amended by adding at the end thereof the following: "This section shall not be applicable to the crops planted for harvest in 1967 and subsequent years."

(9) Section 339(b) is amended (1) by striking out "1964 and 1965 crops of wheat" and substituting "crops of wheat planted for harvest in the calendar years 1964 through 1969"; and, (2) by striking out of the third sentence "20 per centum of the farm acreage allotment" and "fifteen acres" and substituting "50 per centum of the farm acreage allotment" and "twenty-five acres", respectively.

(10) Section 339(e) is amended to read as follows: "(e) The Secretary may permit all or any part of the diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production of the commodity is needed to provide an adequate supply, is not likely to increase the cost of the price-support program and will not adversely affect farm income, subject to the condition that payment with respect to diverted acreage devoted to any such crop

shall be at a rate determined by the Secretary to be fair and reasonable taking into consideration the use of such acreage for the production of such crops: Provided, That in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses."

SEC. 502. Effective only with respect to the crops of wheat planted for harvest in the calendar years 1966 through 1969, and the marketing years for such crops, section 379b is amended to read as follows:

"SEC. 379b. A wheat marketing allocation program as provided in this subtitle shall be in effect for the marketing years for the crops planted for harvest in the calendar years 1966 through 1969. Whenever a wheat marketing allocation program is in effect for any marketing year the Secretary shall determine (1) the wheat marketing allocation for such year which shall be the amount of wheat he estimates will be used during such year for food products for consumption in the United States, but the amount of wheat included in the marketing allocation for food products for consumption in the United States shall not be less than five hundred million bushels, and (2) the national allocation percentage for such year which shall be the percentage which, when applied to the farm as provided in this section, will result in marketing certificates being issued to producers in the amount of the national wheat marketing allocation. The cost of any domestic marketing certificates issued to producers in excess of the number of certificates acquired by processors as a result of the application of the five hundred million bushel minimum or an overestimate of the amount of wheat used during such year for food products for consumption in the United States shall be borne by Commodity Credit Corporation. Each farm shall receive a wheat marketing allocation for such marketing year equal to the number of bushels obtained by multiplying the number of acres in the farm acreage allotment for wheat by the projected farm yield, and multiplying the resulting number of bushels by the national allocation percentage."

SEC. 503. Effective beginning with the 1970 crop, section 379b is amended by striking out "normal yield of wheat for the farm as determined by the Secretary" and substituting "projected farm yield".

SEC. 504. (a) Effective upon the enactment of this Act, section 379d (b) is amended by striking out the third sentence and substituting the following: "The Secretary may exempt from the requirements of this subsection wheat exported for donation abroad and other non-commercial exports of wheat, wheat processed for use on the farm where grown, wheat produced by a State or agency thereof and processed for use by the State or agency thereof, wheat processed for donation, and wheat processed for uses determined by the Secretary to be noncommercial. Such exemptions may be made applicable with respect to any wheat processed or exported beginning July 1, 1964. There shall be exempt from the requirements of this subsection beverage distilled from wheat prior to July 1, 1964. A beverage distilled from wheat after July 1, 1964, shall be deemed to be removed for sale or consumption at the time it is placed in barrels for aging except that upon the giving of a bond as prescribed by the Secretary, the purchase of and payment for such marketing certificates as may be required may be deferred until such beverage is bottled for sale. Wheat shipped to a Canadian port for storage in bond, or storage under a similar arrangement, and subsequent exportation, shall be

deemed to have been exported for purposes of this subsection when it is exported from the Canadian port."

(b) Section 379d(d) is amended by inserting after the word "flour" the following: "(excluding flour second clears not used for human consumption as determined by the Secretary)", and by inserting at the end thereof the following: "The Secretary may at his election administer the exemption for wheat processed into flour second clears through refunds either to processors of such wheat or to the users of such clears. For the purpose of such refunds, the wheat equivalent of flour second clears may be determined on the basis of conversion factors authorized by section 379f of the Agricultural Adjustment Act of 1938, even though certificates had been surrendered on the basis of the weight of the wheat."

This subsection shall be effective as to products sold, or removed for sale or consumption on or after sixty days following enactment of this Act, unless the Secretary shall by regulation designate an earlier effective date within such sixty-day period.

(c) Section 379d(b) is amended by adding at the end thereof the following: "Whenever the face value per bushel of domestic marketing certificates for a marketing year is different from the face value of domestic marketing certificates for the preceding marketing year, the Secretary may require marketing certificates issued for the preceding marketing year to be acquired to cover all wheat processed into food products during such preceding marketing year even though the food product may be marketed or removed for sale or consumption after the end of the marketing year."

(d) Section 379g is amended by inserting "(a)" after "SEC. 379g" and adding a new subsection (b) as follows:

"(b) Whenever the face value per bushel of domestic marketing certificates for a marketing year is substantially different from the face value of domestic marketing certificates for the preceding marketing year, the Secretary is authorized to take such action as he determines necessary to facilitate the transition between marketing years. Notwithstanding any other provision of this subtitle, such authority shall include, but shall not be limited to, the authority to sell certificates to persons engaged in the processing of wheat into food products covering such quantities of wheat, at such prices, and under such terms and conditions as the Secretary may by regulation provide. Any such certificate shall be issued by Commodity Credit Corporation."

SEC. 505. The Agricultural Act of 1964 is amended as follows:

(1) Amendment (7) of section 202 is amended by striking out "1964 and 1965" and substituting "the calendar years 1964 through 1969".

(2) Amendment (13) of section 202 is amended by striking out "only with respect to the crop planted for harvest in the calendar year 1965" and substituting "with respect to the crops planted for harvest in the calendar years 1965 through 1969".

(3) Section 204 is amended by striking out "1964 and 1965" and substituting "1964 through 1969".

SEC. 506. Effective only with respect to the 1966 through 1969 crops, section 107 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445a), is amended to read as follows:

*"SEC. 107. Notwithstanding the provisions of section 101 of this Act, for any marketing year—*

*"(1) (a) Price support for wheat accompanied by domestic certificates shall be at 100 per centum of the parity price or as near thereto as the Secretary determines practicable, and (b) price support for wheat not accompanied by marketing certificates shall be at such level, not in excess of the parity price therefor, as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains,*

*"(2) notwithstanding the provisions of paragraph (1), for the 1966 crop, price support for wheat accompanied by domestic marketing certificates shall be at 100 per centum of the parity price therefor, and price support for wheat not accompanied by marketing certificates shall be not less than \$1.25 per bushel. For any crop of wheat planted for harvest during the calendar years 1967 through 1969 for which the diversion factor established pursuant to section 339(a) of the Agricultural Adjustment Act of 1938, as amended, is not less than 10 per centum, the total average rate of return per bushel made available to a cooperator on the estimated production of his allotment based on projected yield through loans, domestic marketing certificates, estimated returns from export marketing certificates, and diversion payments for acreage diverted pursuant to section 339(a) of the Agricultural Adjustment Act of 1938, as amended, shall not be less than the total average rate of return per bushel made available to cooperators through loans and domestic marketing certificates for the 1966 crop.*

*"(3) Price support shall be made available only to cooperators, and*

*"(4) A 'cooperator' with respect to any crop of wheat produced on a farm shall be a producer who (i) does not knowingly exceed (A) the farm acreage allotment for wheat on the farm or (B) except as the Secretary may by regulation prescribe, the farm acreage allotment for wheat on any other farm on which the producer shares in the production of wheat, and (ii) complies with the land-use requirements of section 339 of the Agricultural Adjustment Act of 1938, as amended, to the extent prescribed by the Secretary. No producer shall be deemed to have exceeded a farm acreage allotment for wheat if the production on the acreage in excess of the farm acreage allotment is stored pursuant to the provisions of section 379c(b), but the producer shall not be eligible to receive price support on the wheat so stored."*

*SEC. 507. Effective beginning with the crop planted for harvest in the calendar year 1967, section 339(a) (1) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the words "national acreage allotment", wherever they appear, the following: "(less an acreage equal to the increased acreage allotted for 1966 pursuant to section 335)".*

*SEC. 508. Effective beginning with the crop planted for harvest in the calendar year 1966, section 379c(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting before the pe-*

riod at the end of the third sentence thereof a semicolon and the following: "except that in any case in which the Secretary determines that such basis would not be fair and equitable, the Secretary shall provide for such sharing on such other basis as he may determine to be fair and equitable.", and by adding at the end thereof the following: "An acreage on the farm not planted to wheat because of drought, flood, or other natural disaster shall be deemed to be an actual acreage of wheat planted for harvest for purposes of this subsection provided such acreage is not subsequently planted to any other income-producing crops during such year. Producers on any farm who have planted not less than 90 per centum of the acreage of wheat required to be planted in order to earn the full amount of marketing certificates for which the farm is eligible shall be deemed to have planted the entire acreage required to be planted for that purpose."

SEC. 509. Section 301(b) of the Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(1) Paragraph (8) is amended by inserting "(A)" after "(8)" and adding the following new subparagraph:

"(B) 'Projected national yield' as applied to any crop of wheat shall be determined on the basis of the national yield per harvested acre of the commodity during each of the five calendar years immediately preceding the year in which such projected national yield is determined, adjusted for abnormal weather conditions affecting such yield, for trends in yields and for any significant changes in production practices."

(2) Paragraph (13) is amended by adding the following new subparagraphs:

"(J) 'Projected county yield' for any crop of wheat shall be determined on the basis of the yield per harvested acre of such commodity in the county during each of the five calendar years immediately preceding the year in which such projected county yield is determined, adjusted for abnormal weather conditions affecting such yield, for trends in yields and for any significant changes in production practices."

"(K) 'Projected farm yield' for any crop of wheat shall be determined on the basis of the yield per harvested acre of such commodity on the farm during each of the three calendar years immediately preceding the year in which such projected farm yield is determined, adjusted for abnormal weather conditions affecting such yield, for trends in yields and for any significant changes in production practices, but in no event shall such projected farm yield be less than the normal yield for such farm as provided in subparagraph (E) of this paragraph."

SEC. 510. (a) Section 379c(b) of the Agricultural Adjustment Act of 1938, as amended, is amended, effective beginning with the 1966 crop, by striking out of the fifth sentence the words "normal yield of wheat per acre established for the farm" and substituting therefor the words "projected farm yield".

(b) Section 379i of the Agricultural Adjustment Act of 1938, as amended, is amended, effective as of the effective date of the original enactment of that section, by inserting in subsections (a) and (b) after the word "who", wherever it appears, the word "knowingly".

SEC. 511. (a) Effective beginning with the crop planted for harvest in 1966, paragraph (9) of section 301(b) of the Agricultural Adjust-

ment Act of 1938, as amended, is amended by striking out "cotton" and "wheat" and by adding at the end thereof the following: "'Normal production' as applied to any number of acres of cotton or wheat means the projected farm yield times such number of acres."

(b) Public Law 74, Seventy-seventh Congress, as amended, is amended by changing the words "normal yield of wheat per acre established for the farm" in paragraph (1) to the words "projected farm yield".

SEC. 512. The national, State, county, and farm acreage allotments for the 1966 crop of wheat shall be established in accordance with the provisions of law in effect prior to the enactment of this Act.

SEC. 513. (a) Section 379d(b) of the Agricultural Adjustment Act of 1938 is amended by striking out the second sentence and substituting the following: "The cost of the export marketing certificates per bushel to the exporter shall be that amount determined by the Secretary on a daily basis which would make United States wheat and wheat flour generally competitive in the world market, avoid disruption of world market prices, and fulfill the international obligations of the United States."

(b) Section 379c(a) of such Act is amended by striking out everything in the next to the last sentence beginning with the words "United States" and substituting the following: "United States. The Secretary shall also provide for the issuance of export marketing certificates to eligible producers at the end of the marketing year on a pro rata basis. For such purposes, the value per bushel of export marketing certificates shall be an average of the total net proceeds from the sale of export marketing certificates during the marketing year after deducting the total amount of wheat export subsidies paid to exporters."

(c) Section 379c(c) of such Act is amended by striking out "and the face value per bushel of export certificates shall be the amount by which the level of price support for wheat accompanied by export certificates exceeds the level of price support for noncertificate wheat".

SEC. 514. Section 328 of the Food and Agriculture Act of 1962 is amended by adding to the end thereof the following: "In establishing terms and conditions for permitting wheat to be planted in lieu of oats and rye, the Secretary may take into account the number of feed units per acre of wheat in relation to the number of feed units per acre of oats and rye."

SEC. 515. Section 379c of the Agricultural Adjustment Act of 1938, as amended, is amended, effective beginning with the crop planted for harvest in the calendar year 1964, by adding the following subsection:

"(e) In any case in which the failure of a producer to comply fully with the terms and conditions of the programs formulated under this Act preclude the issuance of marketing certificates, the Secretary may, nevertheless, issue such certificates in such amounts as he determines to be equitable in relation to the seriousness of the default."

SEC. 516. Section 379e of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following:

"Notwithstanding any other provision of this Act, Commodity Credit Corporation shall sell marketing certificates for the marketing years for the 1966 through the 1969 wheat crops to persons engaged in the processing of food products at the face value thereof less any



amount by which price support for wheat accompanied by domestic certificates exceeds \$2 per bushel."

SEC. 517. Subsection (b) of section 379c of the Agricultural Adjustment Act of 1938 is amended by inserting immediately preceding the words "stored" wherever it appears, in the fourth through the sixth sentences, the words "delivered to the Secretary or", and by adding at the end thereof the following: "Any wheat delivered to the Secretary hereunder shall become the property of the United States and shall be disposed of by the Secretary for relief purposes in the United States or in foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce. Notwithstanding any other provision of this Act, the Secretary may provide that a producer shall not be eligible to receive marketing certificates, or may adjust the amount of marketing certificates to be received by the producer, with respect to any farm for any year in which a variety of wheat is planted on the farm which has been determined by the Secretary, after consultation with State Agricultural Experiment Stations, agronomists, cereal chemists and other qualified technicians, to have undesirable milling or baking qualities and has made public announcement thereof."

## TITLE VI—CROPLAND ADJUSTMENT

SEC. 601. The Soil Bank Act of 1956, as amended, is hereby repealed, except that it shall remain in effect with respect to contracts entered into prior to such repeal.

SEC. 602. (a) Notwithstanding any other provision of law, for the purpose of reducing the costs of farm programs, assisting farmers in turning their land to nonagricultural uses, promoting the development and conservation of the Nation's soil, water, forest, wildlife, and recreational resources, establishing, protecting, and conserving open spaces and natural beauty, the Secretary of Agriculture is authorized to formulate and carry out a program during the calendar years 1965 through 1969 under which agreements would be entered into with producers as hereinafter provided for periods of not less than five nor more than ten years. No agreement shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the agreement period unless the new ownership was acquired by will or succession as a result of the death of the previous owner, or unless the new ownership was acquired prior to January 1, 1965, under other circumstances which the Secretary determines, and specifies by regulation, will give adequate assurance that such land was not acquired for the purpose of placing it in the program: Provided, That this provision shall not be construed to prohibit the continuation of an agreement by a new owner after an agreement has once been entered into under this section: Provided further, That the Secretary shall not require a person who has operated the land to be covered by an agreement under this section for as long as three years preceding the date of the agreement and who controls the land for the agreement period to own the land as a condition of eligibility for entering into the agreement."

(b) The producer shall agree (1) to carry out on a specifically designated acreage of land on the farm regularly used in the produc-



tion of crops (including crops, such as tame hay, alfalfa, and clovers, which do not require annual tillage and which have been planted within five years preceding the date of the agreement), hereinafter called "designated acreage", and maintain for the agreement period practices or uses which will conserve soil, water, or forest resources, or establish or protect or conserve open spaces, natural beauty, wildlife or recreational resources, or prevent air or water pollution, in such manner as the Secretary may prescribe (priority being given to the extent practicable to practices or uses which are most likely to result in permanent retirement to noncrop uses); (2) to maintain in conserving crops or uses or allow to remain idle throughout the agreement period the acreage normally devoted to such crops or uses; (3) not to harvest any crop from or graze the designated acreage during the agreement period, unless the Secretary, after certification by the Governor of the State in which such acreage is situated of the need for grazing or harvesting of such acreage, determines that it is necessary to permit grazing or harvesting in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster, and consents to such grazing or harvesting subject to an appropriate reduction in the rate of payment; and (4) to such additional terms and conditions as the Secretary determines are desirable to effectuate the purposes of the program, including such measures as the Secretary may deem appropriate to keep the designated acreage free from erosion, insects, weeds, and rodents. Agreements entered into under which 1966 is the first year of the agreement period (A) shall require the producer to divert from production all of one or more crops designated by the Secretary; and (B) shall not provide for diversion from the production of upland cotton in any county in which the county committee by resolution determines, and requests of the Secretary, that there should not be such diversion in 1966.

(c) Under such agreements the Secretary shall (1) bear such part of the average cost (including labor) for the county or area in which the farm is situated of establishing and maintaining authorized practices or uses on the designated acreage as the Secretary determines to be necessary to effectuate the purposes of the program, but not to exceed the average rate for comparable practices or uses under the agricultural conservation program, and (2) make an annual adjustment payment to the producer for the period of the agreement at such rate or rates as the Secretary determines to be fair and reasonable in consideration of the obligations undertaken by the producers. The rate or rates of annual adjustment payments as determined hereunder may be increased by an amount determined by the Secretary to be appropriate in relation to the benefit to the general public of the use of the designated acreage if the producer further agrees to permit, without other compensation, access to such acreage by the general public, during the agreement period, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations. The Secretary and the producer may agree that the annual adjustment payments for all years of the agreement period shall be made either upon approval of the agreement or in such installments as they may agree to be desirable: Provided, That for each year any annual adjustment payment is made in advance of performance, the annual adjustment payment shall be reduced by 5 per centum. The Secretary may pro-

vide for adjusting any payment on account of failure to comply with the terms and conditions of the program.

(d) The Secretary shall, unless he determines that such action will be inconsistent with the effective administration of the program, use an advertising and bid procedure in determining the lands in any area to be covered by agreements. The total acreage placed under contract in any county or local community shall be limited to a percentage of the total eligible acreage in such county or local community which the Secretary determines would not adversely affect the economy of the county or local community. In determining such percentage the Secretary shall give appropriate consideration to the productivity of the acreage being retired as compared to the average productivity of eligible acreage in the county or local community.

(e) The annual adjustment payment shall not exceed 40 per centum of the estimated value, as determined by the Secretary, on the basis of prices in effect at the time the agreement is entered into, of the crops or types of crops which might otherwise be grown. The estimated value may be established by the Secretary on a county, area, or individual farm basis as he deems appropriate.

(f) The Secretary may terminate any agreement with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest, and may agree to such modification of agreements as he may determine to be desirable to carry out the purposes of the program or facilitate its administration.

(g) Notwithstanding any other provision of law, the Secretary of Agriculture may, to the extent he deems it desirable, provide by appropriate regulations for preservation of cropland, crop acreage, and allotment history applicable to acreage diverted from the production of crops in order to establish or maintain vegetative cover or other approved practices for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation or for participation in such program. Subsections (b)(3) and (4) and (e)(6) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended, are repealed, except that all rights accruing thereunder to persons who entered into contracts or agreements prior to such repeal shall be preserved.

(h) In carrying out the program, the Secretary shall utilize the services of local, county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act, as amended.

(i) For the purpose of obtaining an increase in the permanent retirement of cropland to noncrop uses the Secretary may, notwithstanding any other provision of law, transfer funds available for carrying out the program to any other Federal agency or to States or local government agencies for use in acquiring cropland for the preservation of open spaces, natural beauty, the development of wildlife or recreational facilities, or the prevention of air or water pollution under terms and conditions consistent with and at costs not greater than those under agreements entered into with producers, provided the Secretary determines that the purposes of the program will be accomplished by such action.

(j) *The Secretary also is authorized to share the cost with State and local governmental agencies in the establishment of practices or uses which will establish, protect, and conserve open spaces, natural beauty, wildlife or recreational resources, or prevent air or water pollution under terms and conditions and at costs consistent with those under agreements entered into with producers, provided the Secretary determines that the purposes of the program will be accomplished by such action.*

(k) *In carrying out the program, the Secretary shall not during any of the fiscal years ending June 30, 1966 through June 30, 1968 or during the period June 30, 1968 through December 31, 1969, enter into agreements with producers which would require payments to producers in any calendar year under such agreements in excess of \$225,000,000 plus any amount by which agreements entered into in prior fiscal years require payments in amounts less than authorized for such prior fiscal years. For purposes of applying this limitation, the annual adjustment payment shall be chargeable to the year in which performance is rendered regardless of the year in which it is made.*

(l) *The Secretary is authorized to utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation in discharging his functions and responsibilities under this program, including payment of costs of administration: Provided, That after December 31, 1966, the Commodity Credit Corporation shall not make any expenditures for carrying out the purposes of this title unless the Corporation has received funds to cover such expenditures from appropriations made to carry out the purposes of this title. There are hereby authorized to be appropriated such sums as may be necessary to carry out the program, including such amounts as may be required to make payments to the Corporation for its actual costs incurred or to be incurred under this program.*

(m) *In case any producer who is entitled to any payment or compensation dies, becomes incompetent, or disappears before receiving such payment or compensation, or is succeeded by another who renders or completes the required performance, the payment or compensation shall, without regard to any other provisions of law, be made as the Secretary may determine to be fair and reasonable in all the circumstances and so provide by regulations.*

(n) *The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments or compensation under this program.*

(o) *The acreage on any farm which is diverted from the production of any commodity pursuant to an agreement hereafter entered into under this title shall be deemed to be acreage diverted from that commodity for the purposes of any commodity program under which diversion is required as a condition of eligibility for price support.*

(p) *The Secretary may, without regard to the civil service laws, appoint an Advisory Board on Wildlife to advise and consult on matters relating to his functions under this title as he deems appropriate. The Board shall consist of twelve persons chosen from members of wildlife organizations, farm organizations, State game and fish agencies, and representatives of the general public. Members of*

*such Advisory Board who are not regular full-time employees of the United States shall not be entitled to any compensation or expenses.*

*(q) The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this title.*

## TITLE VII—MISCELLANEOUS

*SEC. 701. Section 374(a) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:*

*“(a) The Secretary shall provide for ascertaining, by measurement or otherwise, the acreage of any agricultural commodity or land use on farms for which the ascertainment of such acreage is necessary to determine compliance under any program administered by the Secretary. Insofar as practicable, the acreage of the commodity and land use shall be ascertained prior to harvest, and, if any acreage so ascertained is not in compliance with the requirements of the program the Secretary, under such terms and conditions as he prescribes, may provide a reasonable time for the adjustment of the acreage of the commodity or land use to the requirements of the program.”*

*SEC. 702. Section 374(c) of the Agricultural Adjustment Act of 1938, as amended, is amended by deleting the first sentence thereof.*

*SEC. 703. Subsection (a) of section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended (i) by striking out of the first sentence thereof “1962, 1963, 1964, and 1965,” and inserting “1962 through 1969” and (ii) by striking out of the last sentence thereof “1964 or 1965” and inserting “1964 through 1969”.*

*Notwithstanding the provisions of subsection 316(c) and subsection 317(f) relating to lease and transfer of allotments for years subsequent to 1965, of the Agricultural Adjustment Act of 1938, as amended, whenever acreage-poundage quotas are in effect for any kind of tobacco as provided in section 317 of the Act, except in the case of burley tobacco, and other kinds of tobacco not subject to section 316, the lease and transfer shall be on a pound for pound basis and the acreage allotment for the lessee farm shall be increased by an amount determined by dividing the number of pounds leased by the farm yield for the lessee farm, and the acreage allotment for the lessor farm shall be reduced by an amount determined by dividing the number of pounds leased by the farm yield for the lessor farm.*

*SEC. 704. The last paragraph of the Act entitled “An Act to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes”, approved August 13, 1957 (7 U.S.C. 1359 note), is amended to read as follows:*

*“This amendment shall be effective for the 1957 through 1969 crops of peanuts.”*

*SEC. 705. The Secretary of Agriculture shall make a study of the parity income positions of farmers, including the development of criteria for measuring parity income of commercial family farmers and the feasibility of adapting such criteria to major types of farms and to selected counties. The Secretary shall report the results of such study to the Congress not later than June 30, 1966.*

*SEC. 706. Notwithstanding any other provision of law, the Secretary, upon the request of any agency of any State charged with the administration of the public lands of the State, may permit the trans-*

*fer of acreage allotments or feed grain bases together with relevant production histories which have been determined pursuant to the Agricultural Adjustment Act of 1938, as amended, or section 16 of the Soil Conservation and Domestic Allotment Act, as amended, from any farm composed of public lands to any other farm or farms in the same county composed of public lands: Provided, That as a condition for the transfer of any allotment or base an acreage equal to or greater than the allotment or base transferred prior to adjustment, if any, shall be devoted to and maintained in permanent vegetative cover on the farm from which the transfer is made. The Secretary shall prescribe regulations which he deems necessary for the administration of this section, which may provide for adjusting downward the size of the allotment or base transferred if the farm to which the allotment or base is transferred normally has a higher yield per acre for the commodity for which the allotment or base is determined, for reasonable limitations on the size of the resulting allotments and bases on farms to which transfers are made, taking into account the size of the allotments and bases on farms of similar size in the community, and for retransferring allotments or bases and relevant histories if the conditions of the transfer are not fulfilled.*

SEC. 707. *The Agricultural Adjustment Act of 1938, as amended, is amended by inserting after section 378 the following new section:*

“RECONSTITUTION OF FARMS

*“SEC. 379. In any case in which the ownership of a tract of land is transferred from a parent farm, the acreage allotments, history acreages, and base acreages for the farm shall be divided between such tract and the parent farm in the same proportion that the cropland acreage in such tract bears to the cropland acreage in the parent farm, except that the Secretary shall provide by regulation the method to be used in determining the division, if any, of the acreage allotments, histories, and bases in any case in which—*

*“(1) the tract of land transferred from the parent farm has been or is being transferred to any agency having the right to acquire it by eminent domain;*

*“(2) the tract of land transferred from the parent farm is to be used for nonagricultural purposes;*

*“(3) the parent farm resulted from a combination of two or more tracts of land and records are available showing the contribution of each tract to the allotments, histories, and bases of the parent farm;*

*“(4) the appropriate county committee determines that a division based on cropland proportions would result in allotments and bases not representative of the operations normally carried out on any transferred tract during the base period; or*

*“(5) the parent farm is divided among heirs in settling an estate.*

*“(6) neither the tract transferred from the parent farm nor the remaining portion of the parent farm receives allotments in excess of allotments for similar farms in the community having allotments of the commodity or commodities involved and such*

*allotments are consistent with good land uses, but this clause (6) shall not be applicable in the case of burley tobacco."*

*SEC. 708. Notwithstanding any other provision of law, in the determination of farm yields the Secretary may use projected yields in lieu of normal yields. In the determination of such yields the Secretary shall take into account the actual yield, proved by the producer for the base period used in determining the projected yield, and the projected yield shall not be less than such actual yield proved by the producer.*

*SEC. 709. The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, foreign distribution, and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.*

### *TITLE VIII—RICE*

*SEC. 801. Section 353(c) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph at the end thereof:*

*"(7) If the national acreage allotment for rice for 1966, 1967, 1968, or 1969 is less than the national acreage allotment for rice for 1965, the Secretary shall formulate and carry out an acreage diversion program for rice for such year designed to support the gross income of rice producers at a level not lower than that for 1965, minus any reduction in production costs resulting from the reduced rice acreage. Under such program conservation payments shall be made to producers who comply with their rice acreage allotments, devote to an approved conservation use an acreage of cropland on the farm equal to the number of acres determined by multiplying the farm acreage allotment by the diversion factor, and comply with such additional terms and conditions as the Secretary may prescribe. The diversion factor shall be determined by dividing the number of acres by which the national acreage allotment is reduced below the national acreage allotment for 1965 by the number of acres in the national acreage allotment. Notwithstanding the foregoing provisions, the Secretary may permit all or any part of such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, and flaxseed, if he determines that such production is not likely to increase the cost of the price-support program and will not adversely affect farm income, subject to the condition that payment with respect to diverted acreage devoted to any such crops shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops; but in no event shall the payment exceed one-half the rate which otherwise would be applicable if such acreage were devoted to conservation uses. Such program shall require the producer to take such measures as the Secretary may deem appropriate to*

*keep such diverted acreage free from erosion, insects, weeds, and rodents. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance. The Secretary shall provide for the sharing of payments under this paragraph among producers on the farm on a fair and equitable basis as determined by the Secretary. The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized in this paragraph and to pay administrative expenses necessary in carrying out this paragraph."*

SEC. 802. *Section 403 of the Agricultural Act of 1949, as amended, is amended by inserting at the end thereof the following: "In determining support prices for the 1966 and 1967 crops of rice the Secretary shall, notwithstanding the foregoing or any other provision of law, use head and broken rice value factors for the various varieties which (1) are not lower than those used with respect to the 1965 crop, and (2) do not differ as between any two varieties by a greater amount than the value factors used with respect to the 1965 crop for such two varieties differed."*

And the Senate agree to the same.

HAROLD D. COOLEY,  
W. R. POAGE,  
WATKINS M. ABBITT,  
HARLAN HAGEN,  
FRANK A. STUBBLEFIELD,  
GRAHAM PURCELL,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
SPESSARD L. HOLLAND,  
HERMAN E. TALMADGE,  
MILTON R. YOUNG,  
JOHN SHERMAN COOPER,

*Managers on the Part of the Senate.*

## STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 9811, to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate struck out all after the enacting clause of H.R. 9811 and substituted a Senate amendment which, while dealing with the same subject matter, differed from it in several major respects. The amendment herewith reported embodies the agreement of the conferees on the various points of difference in the House bill and the Senate amendment and was agreed to by the conferees as a substitute for the Senate amendment.

The conference substitute follows the structure of the House bill as to the order and arrangement of titles. It adds at the end a title relating to rice which was not in the House bill.

Following is a summary of the substitute amendment as agreed to by the conferees:

### TITLE I—DAIRY

The class I dairymen's base plan embraced in the first title seeks to reduce surplus milk production and stabilize the income of dairy farmers in the 75 Federal milk order areas by removing the necessity for dairymen to produce surplus milk in order to preserve their individual participation in the markets for milk for fluid consumption.

The conference adopted all of title I of the House bill which includes provisions dealing with (a) individual voting in a farmer referendum on the class I base plan, (b) leaving the legal status of producer-handlers unchanged, (c) authorizing marketing orders for manufacturing milk, and (d) entry of new producers into class I base plan order markets.

Two Senate dairy provisions were adopted. These deal with (a) an "antidumping" provision to prevent disruption of other markets, and (b) allowing the Commodity Credit Corporation to purchase dairy products (except fluid milk for schools) for domestic and foreign donation programs even though these dairy products are not in the CCC inventory. The latter authority appears in the miscellaneous title of the bill.

### TITLE II—WOOL

Continues the National Wool Act of 1954 through December 31, 1969, with modifications intended to increase the production of wool



in the United States. The conference accepted the Senate formula for the minimum price support floor. This would fix the support level for shorn wool at the present level of 62 cents a pound increased by the same percentage as the percentage increase in the parity index. This would fix the support price at 65 cents a pound for 1966, about 66 cents for 1967, with the support levels for 1968 and 1969 depending on further changes in the parity index. The Senate provision on small flocks was deleted.

#### TITLE III—FEED GRAINS

This title continues for 4 years the provisions of the present feed grains program for price-support loans, purchases, and in-kind payments to program participants at about the same levels of recent years. Participants by diverting acreage from feed grain production to conservation uses would receive, as in the past, payments in kind to help maintain income.

The conference accepted the House bill with the Senate amendment which permits the Secretary to set the total price support (both loan and payments) at a range between 65 and 90 percent of parity. The House had set a minimum loan of 65 percent of parity. The change allows the Secretary to lower the present loan and increase the present price-support payment. The Senate provision authorizing an alternative feed grain program was deleted by the conference.

A requirement of the feed grain, cotton, and wheat programs is that land taken out of the production of these crops be devoted to conservation uses. Each farm has established a conservation base which is the average acreage of conserving uses on the farm for 1959 and 1960. Since 1963, noncropland which has been cleared and made into cropland has been added to the conservation base. The Department of Agriculture has agreed for 1966 that the farm conservation base will not reflect the acreage of noncropland brought into a cropland status since the base period 1959–1960, if such new cropland was not devoted to the production of crops in surplus. This means that this new cropland which has been devoted to the production of soybeans will not be added to the conserving base.

#### TITLE IV—COTTON

The one-price cotton program, wherein American mills buy U.S. cotton at the same price it is offered to foreign mills, is extended for 4 years, through 1969, with modifications. The conference substitute provides:

(1) Continuation of the 16-million-acre national minimum allotment for cotton, but establishes a domestic allotment within the farm allotment which will be not less than 65 percent of each farm allotment.

(2) Mandatory 12½-percent reduction for 1966 (instead of 15 percent in the House bill) from the farm acreage allotment for each farmer participating in the program, except for small farmers who are exempt from mandatory acreage cuts and receive special treatment with respect to income. After 1966 the extent of mandatory reduction will be not more than 12½ percent, as determined by the Secretary.

(3) Loans to cooperators at not more than 90 percent of the estimated average world market price for cotton (1966—21 cents), avail-

able on the actual production of cooperators, plus price-support payments to these cooperators, in an amount calculated to reflect not less than 65 percent of parity on the projected yield of their acreage permitted to be devoted to cotton.

(4) Payments for retired acreage at the rate of not less than 25 percent of the parity price multiplied by the projected yield of the acreage required to be retired (up to 40 percent of parity on the balance) the farmer (except those under the small farm exemption) being required to retire  $12\frac{1}{2}$  percent of his effective allotment and having the option of retiring an additional  $22\frac{1}{2}$  percent of his allotment, to a total of 35 percent.

(5) A small farm exception stipulating that there will not be mandatory reduction in the acreage of farmers with allotments of 10 acres or less or for those farmers whose projected yield of the farm allotment is 3,600 pounds or less, that these small farmers will receive on their production the same level of price support provided for other producers without making the reduction required of other producers, and a land retirement payment as if they had reduced their acreage by 35 percent. If a small farmer chooses to reduce his acreage to any level down to 65 percent of his allotment, he will receive an additional diversion payment at the rate for voluntary diversion on this acreage.

(6) Any producer with an allotment may stay out of the program, receive no price support or payments, and plant and sell cotton into export without penalty, with the national total of such nonprogram acreage not to exceed 250,000 acres in 1966 and with a stipulation that this total would be reduced in 1967, 1968, and 1969 unless there is a proportionate reduction in the national carryover of cotton.

(7) Allotted cotton acreage released by farmers not wanting to plant any cotton in a given year may be reapportioned to other farmers within the county or in other counties within the State if not wanted within the county where released. Farmers releasing  $87\frac{1}{2}$  percent of their allotments for reapportionment would be eligible for diversion payments on  $12\frac{1}{2}$  percent of the allotment.

(8) Sale or lease of cotton acreage allotments between farmers is authorized within a county, or in other counties of the same State if farmers within the county approve in a referendum the movement of allotments to purchasers in other counties.

(9) Cotton farmers may assign their direct price support and diversion payments to private lending agencies in obtaining production loans.

(10) Exchange of rice and cotton allotments, within a county or an adjoining county, is authorized under terms and conditions approved by the Secretary.

(11) The price support payment is to be made one-half at the time the farmer signs up for the program, and the time of the second half of the payment is left to the Secretary's discretion. The House conferees receded from the position that the balance of payments to producers may be made only when the producer divests himself of interest in the cotton and concurred in the provision that the balance of such payments shall be made at such time as the Secretary may determine.

The committee of conference emphasizes, however, that the programs authorized by the bill are designed to move cotton into trade channels for domestic consumption and export. Reduced use of the

CCC price-support loan program is contemplated. In any instance where the Secretary finds that warehousemen, marketing associations, merchants, or others engaged in handling cotton for producers, or participating in the program to make price support loans available to producers, are taking actions which encourage undue entries of cotton into the loan program, the Secretary shall take such corrective measures as may be necessary.

One of the major purposes of the bill is to reduce domestic production of cotton. Strong incentives are provided in the form of direct payments to producers who cooperate by planting less than their allotted cotton acreages. Very few farmers will forgo participating in the program. If this approach proves effective, production will be less than domestic consumption and exports and the surplus stocks held by CCC can be gradually liquidated with minimum adverse effects on world markets. Reduced stocks in the United States will, of course, result in a better supply-demand balance for cotton on a worldwide basis. This will benefit all countries which produce cotton.

The bill represents a significant step toward establishing a free market for cotton in the United States. It is a step toward doing what other countries have been asking the United States to do for many years. The new CCC loan rate will no longer constitute an incentive to farmers to produce unneeded supplies of cotton.

With the loan rate at 21 cents for the 1966 crop and at not more than 90 percent of the estimated world price for 1967, 1968, and 1969, most of the annual production would be expected to move directly to market through normal commercial channels of trade, with CCC having a substantially reduced role in making loans and merchandising cotton. Many foreign cotton-producing countries have expressed an interest in this arrangement for U.S. cotton.

Under the new program the U.S. export price for cotton is expected to be more competitive with prices in other exporting countries. The U.S. Government's cotton policy will be administered in a responsible manner as in the past. It is not the intention of the Congress that large quantities of CCC stocks be dumped on world markets at fire-sale prices.

#### TITLE V—WHEAT

This title authorizes continuation of the voluntary wheat certificate program for 4 years with modifications of current provisions aimed at boosting wheat farmers' income by about \$200 million a year, and providing more freedom in the marketing system. Basically, it would call for a wheat program for the 1966 through 1969 period similar to the one in effect for the 1964 and 1965 crops.

The significant change from current operations would provide for price support for wheat used domestically as food at 100 percent of parity, and a variable export certificate, to supplement wheat farmers' income. The support price for wheat for domestic food use would be increased about 57 cents a bushel to around \$2.57. This increase would be accomplished by Government payments of 57 cents a bushel. Domestic wheat users would continue to purchase certificates at the difference between the loan rate and \$2 a bushel on the amount of wheat used.

The conference bill increases the total price support on wheat about 3½ cents a bushel over the House bill, to achieve a minimum support

level of \$1.84½ per bushel for wheat during each of the next 4 years. The escalated "domestic certificate" provision, in the Senate bill—relating the price of the certificate to the price of bread—was deleted. In this connection, however, it is the request of the committee of conference that the Secretary of Agriculture conduct a continuing study of bread prices and that he report to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House any increases in bread prices which do not appear to be justified by increased costs of labor, materials, and other factors.

The Senate provision dealing with the exemption for second clears was adopted by the conference. This change reflects an agreement reached between all the corn and wheat industries and the Department of Agriculture as explained in the Senate committee report and is in accord with the basic intent of the House provision.

It is the intention of the committee of conference that the Secretary affirmatively implement the exemption provided herein so that it will become operative and provide relief from the certificate liability imposed by this act not later than 60 days following enactment of this act.

Language adopted by the conference with respect to the rate of return per bushel of wheat follows:

For the 1966 crop, price supports for wheat accompanied by domestic certificates shall be at 100 per centum of the parity price therefor, and price supports for wheat not accompanied by marketing certificates shall be not less than \$1.25 per bushel. For any crop of wheat planted for harvest during the calendar years 1967 through 1969 for which the diversion factor is not less than 10 per centum, the total average rate of return per bushel made available to cooperators on the estimated production of his allotment based on projected yield through loans, domestic marketing certificates, estimated returns from export marketing certificates, and diversion payments for acreage diverted pursuant to section 339(a) of the Agricultural Adjustment Act of 1938, as amended, shall not be less than the total average rate of return per bushel made available to cooperators through loans and domestic marketing certificates for the 1966 crop.

#### TITLE VI—CROPLAND ADJUSTMENT

Under this title the Secretary would be authorized to enter into 5- to 10-year contracts with farmers calling for conversion of cropland into vegetative cover, water storage facilities or other soil, water, wildlife, or forest conserving uses. Payments under such contracts would be at a rate of not more than 40 percent of the annual market value of the crop that would have been produced on the land, as determined by the Secretary. It is expected that about 8 million acres per year would be added to this program until it reaches its peak participation of 40 million acres in 1970. The Secretary is authorized to obligate not more than \$225 million per year in new contracts signed during each of the next 4 years, so that by the end of the signup period contracts in force could involve payments to a maximum of \$900 million annually.

The conference committee also agreed to (a) make tame hay, alfalfa, and clovers eligible cropland for purposes of the program, (b) require a farmer to place all of at least one surplus crop into the program in 1966 in order to be eligible to participate (after 1966, the Secretary would have discretion to set the required percentage), (c) require prior ownership of the farm for at least 3 years before it could be placed in the program, (d) require the Secretary to use the bid procedure in signing up cropland unless he should find such a procedure is not feasible, (e) allow either lump sum or annual payments, (f) for 1966, cotton acreage in a county could be excluded from the program at the request of the county Agricultural Stabilization and Conservation Committee (ASC), (g) authorize a wildlife advisory board which would serve without compensation or travel allowance, and (h) authorize additional payments to farmers who permit their land to be used, in cooperation with a State agency, for hunting, fishing, etc.

The committee of conference was concerned lest the cumulative effect of acreage reduction under both the cotton program and the CAP program should severely damage the economy of many cotton-producing areas. It has, therefore, incorporated the requirement that the Secretary shall consider the impact of acreage retirement on the community—as well as the county (as provided in House bill).

The conferees also obtained from the Secretary of Agriculture the following letter regarding his intention to limit cropland retirement under the CAP program:

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., September 28, 1965.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR MR. CHAIRMAN: A question has been raised as to the extent to which the Department would expect to contract for reductions in base and allotment crops in any county under the cropland adjustment program proposed in H.R. 9811.

It would be the intent of the Department to limit the acreage contracted in any year insofar as a base or allotment crop is concerned to not more than 10 percent of the allotment or base acreage for that crop in the county. It would be our intent to further limit the acreage contracted over the life of the program to not more than 25 percent of the base or allotment for the crop for the county unless responsible representatives of the county government and the elected farmer ASCS committee for the county agreed that more than 25 percent could be contracted without adversely affecting the economy of the county.

Sincerely,

(Signed) ORVILLE L. FREEMAN.

#### TITLE VII—MISCELLANEOUS

Section 701 and section 702 repeal the provisions that acreage on all farms participating in crop allotment programs must be measured and provide that the Secretary may use other methods such as certification and spot checking to determine compliance with program objectives. The House bill had authorized this for all crops except peanuts and tobacco.

Section 703 extends for 4 years (the same as the House bill) authority for leasing of tobacco acreage but adds the provision that for tobacco being allotted on an acreage-poundage basis, leases may be made on the basis of pounds, rather than acres.

Section 704 extends the definition of "boiling peanuts" for 4 years (instead of the permanent extension provided in the House bill).

Section 705 directs the Secretary of Agriculture to make a study of the parity income position of farmers and report thereon to Congress not later than June 30, 1966. This combines related but somewhat different provisions in the House and Senate bills.

Section 706 is the House provision authorizing any State agency administering public lands to transfer an acreage allotment from one farm to another in the same county.

Section 707 enacts into law provisions of administrative regulations relating to the reconstitution of farms.

Section 708 authorizes the Secretary to use projected yields in lieu of normal yields in connection with all farm programs.

Section 709 authorizes the Secretary of Agriculture to use CCC funds for the purchase of dairy products when there is not a sufficient supply of such products in the Commodity Credit Corporation to meet commitments.

#### *Farm labor*

A provision relating to farm labor was in the Senate bill but was deleted on the floor by a narrow margin. In spite of the fact that there is no provision with respect to farm labor in either the House or Senate bills, the committee of conference recognizes that the success of any agricultural enterprise is dependent upon an adequate labor force to carry out the farming operations. It has voted to include in this statement of managers the following statement on this subject by the committee of conference:

The committee of conference emphasizes that an adequate force of capable labor is essential to the efficient production and harvesting of agricultural commodities. It is deeply concerned over the inadequate supply of such labor this year, particularly to the producers of perishable crops.

Agricultural labor shortages in 1965 have had serious consequences. Crops have been lost. Plantings have been reduced because of uncertainty created by governmental policies with respect to agricultural labor. Crops lost or not planted because of inadequate labor will necessarily injure the consumer and the economy as well as the farmer. They will also reduce the number of job opportunities in agriculture and related industries.

This shortage of capable labor has resulted from administrative actions which have failed to sufficiently recognize the needs and problems of agriculture and which have imposed requirements on farmers never authorized by Congress. To avoid the subordination of agriculture's interests, it is the unanimous view of the conferees that the Secretary of Agriculture should collect necessary facts concerning requirements for and availability of agricultural labor and submit such information to the Attorney General in connection with determinations as to whether farmers are to have needed supplemental foreign labor.

The Congress recognized the need for such information and made provision therefor by authorizing the Attorney General, in carrying out his responsibilities, to consult with appropriate agencies of Government. There is no question but that the Department of Agriculture is the appropriate agency to determine facts concerning the requirements of agriculture and the extent to which, and timeliness by which, they are being met.

It is the opinion of the conferees that under the practice now prevailing in which the Attorney General has relied almost entirely on the Department of Labor, the findings and recommendations of the Secretary of Labor have been in many instances too little and too late to meet the critical needs of producers.

#### TITLE VIII—RICE

Title VIII of the conference substitute provides for a 4-year rice diversion program, effective only when the national allotment is reduced below that for 1965. The House bill contained no such provision. Under the provision agreed to by the conferees, if rice acreage allotments fall below the 1965 level, the Secretary will be required to carry out a diversion program similar to that for other commodities. The title also provides that, for 1966 and 1967, rice value factors may not be reduced and differentials between value factors for the various varieties could not be increased.

HAROLD D. COOLEY,  
W. R. POAGE,  
WATKINS M. ABBITT,  
HARLAN HAGEN,  
FRANK A. STUBBLEFIELD,  
GRAHAM PURCELL,

*Managers on the Part of the House.*

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