



Battle over fixed versus flexible price supports shaping up in Congress

ADMINISTRATION PROPOSALS for farm legislation are expected to incorporate flexible price supports plus controls on use of acreage removed from production of "basic" crops. Congress, on the other hand, may well try to avoid the inevitable controversy of a new law and vote to continue the mandatory 90% support plan now in effect.

The problem of price supports is shaping up as one of the hottest subjects on the whole congressional calendar and the most controversial of several farm issues. Cotton acreage controls, administration of the soil conservation program, and oat and rye imports from Canada are other farm topics which seem destined for lively discussion.

Price Supports Number One Issue

The amendment to the Agricultural Act of 1949 providing mandatory fixed supports of price of six "basic" farm commodities at 90% of parity is scheduled to expire Dec. 31, 1954. Unless Congress extends the amendment or writes an entirely new law, the flexible support (75-90%) provision set forth in the original 1949 Act will go into effect automatically at the end of the 1954 crop year. Under this program support varies inversely with supply.

Secretary of Agriculture Ezra T. Benson and other USDA officials feel that high supports promote surpluses which in turn tend to lower farm prices.

There are many, however, who favor high supports, not only for "basic" commodities, but for several others as well. Storable commodities such as oats, barley, rye, grain sorghums, and possibly soybeans and flaxseed are being mentioned.

Among support plans are those calling for direct subsidies to farmers and a two-price system to promote exports. The

Administration is expected to call for a new law combining many provisions of the present law such as flexible price supports and new proposals including a two-price system for wheat, cotton, and rice. The Administration is also expected to recommend that controls be placed on approximately 30 million acres taken out of "basic" crop production.

The Farm Bureau generally favors the original act of 1949 with its flexible supports. This group also suggests amendments providing mandatory 90% support for any basic commodity during the first year that farmers vote for marketing quotas following a year in which marketing quotas have not been in effect. A second amendment supported by the Farm Bureau relates to acreage controls and would allow the Secretary of Agriculture to limit plantings of other crops on lands diverted from "surplus" crops or that the land be used for soil conservation purposes.

The Grange and National Dairy Producers Association favor extension of 90% parity supports as an interim measure until present surpluses are disposed of and a workable farm program can be put into effect.

With an extremely heavy legislative calendar and the difficulties and time involved in enacting a new law, extension of the 90% support plan may well be the decision of Congress.

Cotton Acreage Is Touchy Subject

Expected continuing surpluses of cotton have led the Secretary of Agriculture to proclaim cotton acreage allotments well below current production. The 1954 allotment is 17.9 million acres compared to 24.5 million acres planted in 1953.

In mid-December producers voted to

accept marketing quotas which will accompany continued 90% of parity price supports. Growers voted with the understanding that USDA would attempt to get an increase in the quota.

Secretary Benson stated recently that he would ask Congress to authorize allotments of about 21 million acres. This is 3.1 million acres above the 17.9 million maximum permitted by law. Congressmen are divided on this issue. Some, particularly those from cotton states, favor an increase while others feel that the 21 million figure is too high.

The issue is further complicated by competition for allotments between the Southern states and California and the Southwest. If Congress approves a total of 21.4 million acres, this problem will probably be minor as representatives of cotton state farm bureaus have generally agreed on a formula which is agreeable to USDA. This agreement was reached in mid-December.

Soil Conservation Plan Debated

Reorganization of USDA resulted in elimination of the seven regional offices of the Soil Conservation Service. Emphasis was to be placed on state offices.

Opponents of the plan claim that USDA was intent on abolishing SCS or merging it with the Agricultural Extension Service. USDA officials deny this and claim that the plan is designed to bring about decentralization.

Views of interested parties were voiced at recent hearings held by a House committee. Present indications are that the reorganization plan will be modified although its major provisions are expected to remain in effect.

Oat, Rye Import Restrictions?

Another agricultural problem which will probably receive some Congressional attention concerns rye and oats. Requests that imports of Canadian rye be restricted are under study by the Tariff Commission.

President Eisenhower declined to limit imports of Canadian oats. The Canadian government, on its part, has agreed to reduce oat shipments to the U.S. The President, however, in late December placed a limitation on oat imports for all countries except Canada.

Hearings on possible manipulations with respect to oat and rye imports may lead to proposals for restrictive legislation.

Immigrant Farm Labor Issue

Proposed legislation seeking stronger control over illegal immigration of Mexican farm labor may be proposed by the Attorney General. This would have no effect on an existing law which allows temporary admission of thousands of these workers for employment in labor-short areas.