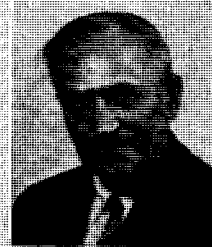


# THE OBSERVATION POST

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## Security for Agricultural Production

**M**OST OF US ARE FAMILIAR with the slogan "no contract no work." This is not the exclusive policy of the United Mine Workers. The fact is most of our United States working force from management to maintenance workers, in government or in industry, carry out their duties in conformity with contract stipulations.

Contracts are also useful in providing material resources as well as labor forces. Most manufacturers enter into binding agreements to buy specific quantities of raw materials to ensure planned production. Distributors also safeguard their estimated future business by negotiating contracts for their stock in trade. The practice of making such binding agreements is simply prudent business. The obligations that a firm assumes should, however, be based on sound estimates of probable markets. To err in forecasting consumption is to invite surpluses or shortages and consequent erratic business activities. To agree to pay prices that are significantly or abnormally high is either poor business or evidence of skulduggery. To endeavor to negotiate at less than a fair price may lead to precarious business relationships.

### **Agricultural Production Also Geared to Contracts**

In the field of agricultural production we also have production and price contracts. Here there is an agreement between producer farmers and the United States Government as represented by the Secretary of Agriculture. Most of the terms of the contract are spelled out by law in the Agricultural Adjustment Act of 1938 as amended and the Agricultural Act of 1949 as amended. This legislation, like any business contract, contains provisions regarding the quantity (acreage) of specific crops that should be planted and the minimum (support) price to be paid cooperating farmers.

Section 401 (c) of the Agricultural Act of 1949 provides that "compliance by the producer with acreage allotments, production goals, and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support."

Section 401 (d) provides that "the level of price support for any commodity shall be determined upon the basis of its parity price (considering grade, quality, etc.) as of the beginning of the marketing year or season." The level of support for the basic crops (corn, cotton, wheat, tobacco, peanuts, and rice) shall not be in excess of 90% of the parity price of such commodity nor less than specified sliding scale figures which are related to the total supply of the commodity. Price supports for 1953-54 crops of basic commodities are mandatory at 90% of parity. The mandatory price support level for dairy products is 75 to 90% of parity. For some other specified commodities the range is 60 to 90%. For all other commodities the range is 0 to 90%.

Slightly over 43% of farmers' cash receipts are derived from basic and non-basic crops that are eligible for price support. (See table.) Thus, about \$14 billion income from agricultural pursuits is related to price support programs. Most people will agree that planned production of staple crops in accordance with actual need is desirable. It obviates scarcities and black markets. More importantly it lays the basis for a high level of nutrition for our population. A stable agriculture contributes to the stability of other segments of our national economy, particularly chemical and equipment industries.

It is axiomatic that industrial management must plan and act to ensure desired production. One would expect to find in the voluminous legislation pertaining to agriculture that the Secretary also has a definite responsibility for the production of an adequate supply of nutritious foods in accordance with our domestic needs and export requirements. Insofar as peacetime agricultural pur-

### **Cash Receipts from Farm Marketings of Supported Basic and Nonbasic Commodities**

	1952
	CASH RECEIPTS (\$1000)
COMMODITIES	
Basic	\$ 9,423,568
Nonbasic	6,539,039
	<hr/>
	\$15,962,607
All Commodities	\$32,373,411

suits are concerned, this responsibility is not specifically covered by legislation. There is no question, however, that the Secretary has the authority to do so by virtue of numerous acts.

With respect to emergency agricultural production his responsibilities are clearly stated. The President's Executive Order of Dec. 5, 1942, authorized the Secretary of Agriculture to: "determine the direct and indirect military, other governmental, civilian, and foreign requirements for human food and animal feed and for food used industrially; formulate and implement a program to supply food adequate to meet the requirements, allocate the nation's farm production resources as needed; assign priorities and allocate priorities for all uses above-mentioned, etc." Section 402 of the Agricultural Act of 1949 as amended further provides that price support at a level in excess of the maximum may be made available for any agricultural commodity to alleviate shortages or when required in the interest of national security. In this connection, it is no secret that during recent emergencies many industrial firms made every effort to acquire the maximum possible in the way of labor and materials. It is also known that organizations having government defense contracts played an important role in raising wages to higher levels.

### **Industry Also Has Support Program**

It is not generally recognized that industry also plays an important role in guaranteeing a market at definite prices for many crops—particularly perishable commodities. This is a segment of agricultural production that is eschewed by Government. Notwithstanding economic hazards, industry participates actively in programming production of vegetables and fruits that are to be processed. Canners, deep freezers, and packers find it advantageous to contract for certain farm crops rather than to gamble on uncertain supplies or competitive bidding.

It is clear that the legislated agricultural support program is based on sound business practices. The program can play an important role in stabilizing or improving our entire domestic economy if administered with skill and integrity. If the administration adheres to its policy of gearing production to calculated use, our people and Government will benefit.