



Congress divided on flexible price supports in President's farm program

THE ALWAYS CONTROVERSIAL concept of flexible price supports is the basic element in President Eisenhower's proposed farm program. With three principal exceptions, the flexible support idea and other major provisions of the President's proposals agree generally with terms of the Agricultural Acts of 1948 and 1949.

New aspects of the President's plan are adoption of a "modernized" parity, creation of a "stockpile" of surplus commodities and adoption of a separate program for each major crop.

Most opposition, and there will be a lot from present indications, will center on the price support provision. Many Congressmen and Senators from both parties and particularly those from farm states favor continuance of mandatory 90% price supports instead of a sliding scale.

The acts of 1948 and 1949 provided a 75 to 90% sliding scale. This provision was suspended during the recent mobilization period and the 90% level substituted. Unless renewed by Congress, the amendment to the 1949 act establishing 90% of parity will expire automatically at the end of the 1954 crop season.

The President says that his program is the result of the most thorough and comprehensive study ever made of the farm problem and of governmental farm programs. Over 60 different survey groups and more than 500 eminent farm leaders participated. Others who contributed to the study were agricultural colleges and research institutions; producer, processor and trade groups; commodity organizations, national farm organizations, Congressmen, and individual farmers. The National Agricultural Advisory Commission spent a year considering the problem and program.

His over-all program, the President

says, is designed to correct "unbalanced farm production." Imbalance, not over-production, is the problem, he says.

Five Main Features in New Program

The parity and price support provision calls for support of prices of basic crops for farmers who cooperate with acreage allotments and marketing quotas. Price support levels for various crops will be announced before the crops are planted.

Supports will go as high as 90%. In some cases, as provided in the 1949 act, a price floor (75%) is provided. The price support level will vary 1% for every 2% variation in total supply. Higher support levels will encourage production when supplies are short and lowered supports will stimulate consumption when supplies are overabundant. This, the President believes, will stabilize farm income.

Modernized parity takes account of price relationships during the most recent 10 years. It thus reflects changes resulting from new technology and consumer demand. Modernized parity is already in use for all commodities except wheat, corn, cotton, and peanuts.

Parity calculations for these last commodities are based on price relationships and buying habits of 40 years ago, the President says. He proposes, therefore, that the modernized parity system be put into effect for all farm products beginning Jan. 1, 1956.

Another feature of the President's new program calls for creation of a stockpile of surplus commodities. He proposes that up to half of the \$5 billion worth of commodities owned by the Commodity Credit Corp. be kept from disturbing domestic or foreign markets. This may be done by using them for school lunch programs, disaster relief, aid to other

nations, and for war or other emergencies.

These set-asides would be eliminated from price support compilations. Perishable items would be rotated. Wheat, cotton, vegetable oils, and possibly some dairy products would be involved.

There is a large potential outlet for surpluses in friendly nations, the President says. Use of surpluses for this purpose can be encouraged by substitution of food and fiber surpluses in foreign economic assistance and disaster relief. The President is asking Congress to continue his authority to use agricultural surpluses for this purpose.

Continued economic growth and expansion, plus revolutionary increases in farm productivity, have made it possible for the United States to meet a greater proportion of the world's food needs. To develop commercial markets for this expanded output is a function of the Department of Agriculture. The President will ask Congress for funds to strengthen this function.

To develop further foreign market possibilities, the President will send trade missions to Europe, Asia, and South America to explore the immediate possibilities of expanding international trade. The Secretaries of Agriculture and State will exchange views on this idea with foreign ministers of agriculture.

Use of acreages diverted from crops under allotment poses many difficult problems, the President feels. For this reason he feels that the number of such acres must be reduced to a minimum. This may be accomplished by increasing utilization of commodities and thus reducing need for acreage restrictions.

Diverted land should be protected and improved to advance soil conservation and long-term efficiency.

The President says that every effort will be made to help the 3.5 million small farmers. This segment of the farm economy derives little benefit from price supports. Most support goes to the 2 million larger mechanized farming units which produce about 85% of the agricultural output.

Congressional Views Differ

Initial reactions on Capitol Hill to the President's proposal are varied. Differences of opinion exist within both political parties. Congressmen and Senators from farm states generally tend to favor the rigid 90% support plan.

Some observers indicate that with elections coming up this year, some Congressmen feel that there will not be sufficient time to "sell" the new program to their constituents. For that reason, even though they might favor many portions of the plan, they will go along with the 90% support for the coming year and consider any major changes in the next Congress.