



## Commodity Credit Corp. needs money to continue its programs . . . Congress compromises on cancelling debts

**T**HE resignation of Howard H. Gordon as president of the Commodity Credit Corporation helps to spotlight the present financial difficulties of the agency, cornerstone of the controversial farm price support program. Lack of working capital is one of the chief problems facing Undersecretary of Agriculture True D. Morse, who will take over Gordon's post in addition to his present duties.

CCC's expenditures account for almost half of the money allocated for the federal farm program. The agency is currently capitalized at \$100 million and in addition, has the authority to borrow \$6.75 billion to finance its operations.

Price support loans and inventories account for a large part of the total. As of Nov. 30, 1953, the corporation's investments for these purposes had risen to more than \$5.2 billion. Since then, loans for dairy and other products—plus growing inventories—have brought the figure close to the \$6.75 billion ceiling. It is estimated that current expenditures may even put the program over the limit.

To meet the agency's financial crisis, two proposals have been made by the Administration. The first, looking toward the long-term operations of CCC, calls for a \$1.75 billion increase in its borrowing authority. This proposal is incorporated in the President's farm message budget request for the current year.

The second proposal would bring quick relief by cancelling notes owed by the agency to the Treasury Department. The notes chiefly represent capital losses suffered by CCC in price support operations.

Congress was asked to cancel \$741 million of the notes to cover these losses. The House approved the plan in the full amount, but the Senate slashed \$495

million from the total, terming the estimated losses "too high." A Senate-House conference worked out a compromise bill, however, which would cancel \$681 million worth of notes. This bill was signed by Mr. Eisenhower last week.

Although CCC's purchases and sales of agricultural commodities run into billions of dollars each year its functions are often misunderstood.

Primarily, CCC is a financial organization. Its main purpose is to carry out farm price support and related activities authorized by Congress. Although it operates under its own federal charter, it is set up within the Department of Agriculture. It also uses USDA personnel and facilities in its operations.

The agency was originally established in 1933 and during its early years was

operated by the Reconstruction Finance Corporation. In 1939, CCC was made a part of USDA and nine years later it was chartered by Congress. Under the charter, the corporation is given broad powers. In addition to its price support activities, CCC is authorized to sell commodities to other government agencies, foreign governments, or international relief and rehabilitation agencies.

In disposing of surplus agricultural commodities, CCC is empowered to sell or barter them for strategic or critical materials produced abroad.

Under present law, CCC must support the price of 12 farm products, including corn, wheat, cotton, and milk. If funds are available, CCC has option of supporting other crops, such as barley, oats, and soybeans.

Another phase of the agency's operations is concerned with making available materials and facilities—such as grain bins and grain driers—when they are required in production or marketing. The corporation now owns storage bins which have a capacity of 688 million bushels.

Any estimate of benefits resulting from CCC's programs is open to controversy. Those in favor of price supports feel the program provides a necessary floor under farm prices which saves the farmer from economic ruin in hard times. Opponents of the plan believe it is an expensive subsidy that robs the farmer of his natural incentive.

CCC believes its program not only helps to raise the farmer's living standard, but also aids in stabilizing America's over-all national economy. The agency also says the price support program is essential to national security.

One thing is certain, however—CCC affects, directly or indirectly, every citizen of the United States.

