

THE OBSERVATION POST

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Farmers View New Agricultural Program

THE REACTION OF CONSUMERS to the Administration's new agricultural program was recorded in our previous article. They viewed the present and proposed agricultural legislation involving high support prices and unmanageable surpluses as unfair and unbusinesslike. The consumer wants a change.

Farmers Want Security

The farmers of America entertain different views. Although the various farmer organizations differ substantially on over-all agricultural policy as well as on details of the new agricultural program, they are in agreement that continued prosperity of farmers is essential to the maintenance of a sound and prosperous national economy. They want a continuation of the price support system and a high level of farm income.

Farmers point out they have no monopoly on government subsidies. Our merchant marine, airlines, automotive industry, and business in general are recipients of subsidies in one form or another.

"Farmers live in an economy dominated by industry-administered prices, by wage levels stiffened by union action, and by government favors to labor and industry." Farming is the most vulnerable segment of our national economy. Farmers get into economic trouble first and if their incomes are not held up, they drag the rest of the nation into a recession. There is statistical evidence to prove this point.

Flexible vs. Rigid Supports

The Administration has proposed that price supports be adjustable and geared to supply. Flexible supports were provided in the Agricultural Act of 1949 but were held in abeyance by legislative amendment which provided that support for basic commodities shall be at 90% of parity until 1954 crops have been marketed. The President further proposes that parity for all basic crops be calculated on the modernized formula which is based on a progressive 10-year

average. The old formula, based on pretractor conditions of 1910-14 does not allow for increased production efficiency or changes in consumer demand. The new formula will result in lower parity prices.

The American Farm Bureau Federation supports the administration's proposals. In general, this farmer organization supports both the philosophy and provisions of the new agricultural program. A study of its 1954 "Policies" reveals a strong resemblance to the Administration's approach to the farm problem. It is not surprising, therefore, to learn that it endorses the proposal that the temporary provisions of law requiring 90% of parity price support on basic commodities without regard to the supply should be allowed to expire.

The National Grange which played a major role in the development and enactment of flexible price support legislation now desires an extension of the present rigid 90% supports "to buy time until Congress can develop a way to cope with present artificial surpluses."

The National Farmers Union is definitely opposed to the sliding scale and the new "rollback" parity. It asserts that it "would drastically slash the over-all level of farm income even below the sharply reduced level of 1953." This organization, which aims at guaranteeing family-farms a higher level of income, believes that production of all farm commodities—perishable and storable—should be supported through appropriate methods by the Federal Government at 100% of the parity price.

Insulated Reserves

The Administration has proposed that the present excess reserves of grains, cotton, vegetable oils, and dairy products be "insulated" or removed from competition with current production.

The major farmer organizations support this \$2.5 billion subsidization on past production. They are in agreement that unless such action is taken any new sound program is doomed. The Farmers Union claims that a strategic reserve of

food is just as essential to national security as stockpiles of metals, chemicals, machine tools, and other industrial raw materials. The Government has huge investments in such stockpiles, far exceeding its total investment in government-owned farm products. The Farmer's Union urges adoption of federal disposition of surpluses into non-competitive channels as a permanent policy.

Use of Diverted Acres

The Administration has proposed that approximately 25 million acres should be diverted from cotton, wheat, and corn. The President claims that it would be tragic if these acres were diverted to other crops so as to create continued or new surplus problems.

This policy has the endorsement of both the National Grange and the American Farm Bureau Federation.

The Farmers Union, however, asserts that this is a "scarcity program." It decries this technique of achieving higher prices. It claims that the Administration's program cannot lead to full parity in the market place except through a drastic over-all reduction in farm production. It means driving many farmers, particularly inefficient ones, out of business.

If You Were Secretary, What Would You Do?

We have three organizations purporting to express the views of farmers. One group supports the administration's philosophy of free enterprise, cooperation with other segments of our economy, and the conduct of farming as a business venture. Another group accepts the new program in principle but with reservations regarding continued economic security. Finally, one group advocates a semisocialized agriculture where all farmers, efficient or otherwise, can count on a market for their production at fixed prices with the Government assuming the responsibility for disposing of all surpluses.

All the farmer organizations, like all labor organizations, want assured prosperity for their membership.