



Senate action on wool bill foreshadows fate of Administration's farm program

FORMER SHEEP RAISER Ezra Taft Benson's old crop may be his undoing. The current debate in Congress over price supports for wool may determine the fate of the Administration's whole farm program. At stake is the system of flexible price supports advocated as a substitute for the current rigid support levels.

Sheepman Benson, in his more vulnerable position as Secretary of Agriculture, has been riding high of late, after a slow start. When the department's budget came before the hostile House Appropriations Committee, the group slashed more than \$2 million in research funds. Said Rep. H. Carl Anderson (R.-Minn.): USDA is worrying too much about research and education and not enough about the farmers.

This action was a direct slap at the whole program proposed by the President (AG AND FOOD, Feb. 3, page 117). In his master plan, Mr. Eisenhower called for more money for research in order that the farmer might be served better now and in the future. While he advocated continued aid to farmers, it was plain that he did not regard this aid as a never-ending annuity.

The appropriations committee, however, looked upon the Eisenhower plan as too passive. They wanted less emphasis on research and education, which could not produce immediate, tangible results. Instead, they wanted the more "active" programs, which could be appreciated by the farmer, to be expanded. The result: a cut in research funds.

Benson's immediate reaction was one of hope—hope that at least part of the cuts would be restored. The Administration, he pointed out, was "pretty well committed" to a program of research and education, particularly in the Agricultural Marketing Service.

When the appropriation bill went before the whole House, Mr. Benson's feel-

ing of hope was replaced by a feeling of confidence. By a standing vote, just about all of the cuts were restored. The House went on to vote USDA \$720 million, which is more than the President had asked for.

Mr. Benson's position was immediately strengthened. But it was not strong enough to completely ignore the threat posed by Sen. Allen J. Ellender (D.-La.), ranking Democratic member of the Senate Agriculture Committee.

Sen. Ellender has offered an amendment to the incentive payments for wool bill which would continue until 1956 the present 90% of parity program for six key farm products. If this amendment is approved, it virtually means the end of the President's flexible price support system.

A Test of Strength

The wool bill should provide a reliable test of strength of the various factions. It represents one of the important parts of the President's farm program. It is also set apart from much of the rest of the program in that it calls for direct payments to producers, rather than government loans or purchases.

In his farm message, the President said that a wool program is needed which will assure equitable returns to growers and encourage efficient production and marketing. It is evident that this is not the case now. Under the current price support program, the Commodity Credit Corporation has acquired about 100 million pounds of wool.

While all this wool piles up in storehouses, imported wool is being substituted for the domestic product in many uses. At present, about two thirds of the wool used in the United States is imported, according to the President.

The new wool policy, Mr. Eisenhower believes, should require a minimum of interference by the Government with the affairs of producers and processors. The

plan should also cost taxpayers and consumers as little as possible.

He recommends that the prices of domestically produced wool be permitted to seek their own level in the market, where they would compete with other fibers and with imported wool, resulting in only one price for wool—the market price.

But what if the market price should fall considerably below parity? In that case, direct payments would be made to the producer to bring the average return per pound up to 90% of parity.

This plan avoids the need for loans, purchases, storage, or other regulation or interference with the market, its supporters contend. In addition, import controls on foreign supplies are not needed to protect the domestic price support program.

The idea is not an Eisenhower or Benson brainchild; it goes back to Charles F. Brannan, Secretary of Agriculture under President Truman. The "Brannan Plan," as first proposed, called for direct payments to growers of all major commodities.

The Administration has been holding up action on the wool bill because it wanted to avoid an early showdown on flexible support prices versus fixed support prices. But if any general farm program is to be worked out before Congress adjourns, action will have to begin soon.

Debate on the wool bill, which will signal the beginning of showdown battle, probably will center on the Ellender amendment. The Senator has made clear his opposition to the Administration's policies. He says that Benson is "dead wrong" in his estimate that flexible supports will cut the prices that consumers have to pay for food.

According to the Benson plan, Ellender reports, consumer prices would decline because of lower government support prices. As the prices drop, consumer buying would be expected to rise. This, in turn, would bring about a decline in the surplus food stocks held by the Government. In time, the surplus problem would be solved.

This concept is unworkable, because under the system of flexible support prices the consumer would not receive any significant benefit in support reductions, Ellender says. He points out that the price paid farmers for several commodities represents only a small fraction of the total price paid by the consumer.

As the great debate continues, some Republican senators are finding themselves in difficult positions. On one hand they know the desires of the President: he wants flexible supports and has indicated that he will veto any plan to retain rigid supports. On the other hand many farmers back in their home states may favor high supports and may make their feelings known at the polls.