



## Benson goes ahead with plan to reduce surpluses by further production curbs

**A** TURNING POINT in the bitter fight over farm price supports was reached last week when the House voted a compromise program of flexible supports for the coming year. The vote is looked upon as a victory for the Administration.

Battle lines extended into the living rooms of American farmers and consumers as both sides broadcast radio appeals for support before the vote. Vice President Richard Nixon and Secretary of Agriculture Ezra Benson presented the Administration's case, while Rep. Clifford R. Hope (R-Kans.) and Rep. Harold R. Lovre (D-S. Dak.) championed the cause of high price supports.

Administration leaders decided on an all-out skirmish with the opposition even though the flexible support plan was considered to be political dynamite in certain farm areas during an election year. Some farm leaders had sounded the warning that the President's system would ruin many farmers and might eventually bring about a general depression.

But Mr. Benson believes that *now* is the time to take action to bring the Nation's farm program more in line with what he considers to be sound agricultural practices. Price supports are a big factor in this over-all program, but there are indications that even if Congress has rejected flexible price supports the Benson Plan would not have changed appreciably.

Basically, the Benson program could be characterized as an "eat as you go" plan, designed to avoid piling up huge surpluses of farm products. In a recent speech, Secretary Benson declared that the program would put food "into stomachs instead of into government warehouses."

Present high support prices are bringing about "back-breaking" surpluses of

a few commodities, according to Mr. Benson. These practices also tend to work against a balanced agricultural economy, he says, and prevent the majority of the American people from benefiting from abundant farm production.

### **Further Controls on Production**

Benson's action last month ordering curbs on wheat production was a part of the plan to reduce existing surpluses and to bring production and consumption more into line. Actually his announcement at that time contained three major provisions: a national marketing quota for the 1955 wheat crop, a wheat acreage allotment of 55 million acres for next year's crop, and a system of cross-compliance and total acreage allotments.

These steps actually mean more government control over farm production and marketing—a policy the present Administration has sought to avoid. Although Benson recognizes and regrets this trend toward further control, he says that there is no other choice. Two years' supply of wheat will be in the Nation's bins when the present crop is harvested.

Farmers still have the choice of either accepting or rejecting the marketing quotas and acreage allotments. On July 23, they can approve or disapprove of marketing quotas in a national referendum among wheat growers. They also can either choose to comply with acreage allotments and get price supports or not to comply and not receive the supports.

A big factor in the farmers' decision will be the support price which will be paid for wheat. For this reason the Agriculture Department has been striving to get Congress to agree on the support price before the referendum date. Mr. Benson believes, however, that farmers will vote to accept the restrictions,

even though Congress has agreed to a flexible support system.

The present wheat supply situation is brought about by a combination of several circumstances, he says. First he lists the decline in exports which has meant more wheat to compete for the domestic market. He also blames much of the surplus on the failure to invoke acreage controls in 1952. In addition, he says the supply situation is the result of relatively high yields, an outmoded method of computing parity, and the long-time practice of rigid high supports.

USDA estimates that 1.9 billion bushels of wheat will be available during the current marketing year which started July 1. This is an all-time record which exceeds the "normal supply," as computed by marketing regulations, by more than 800,000 bushels.

Under current legislative provisions, the Secretary of Agriculture is required to set up marketing quotas when the available supply of the commodity is 20% more than this normal supply. The current available supply is about 80% above the normal figure.

Present law also includes a formula for determining acreage allotments each year. As supplies go beyond certain levels, the acreage allotments act as a counterbalance by reducing the number of acres which will be planted in that drop during the next season. The present law also is equipped with a 55-million-acre "floor" under the acreage allotments. Without this floor, the present allotments—pegged at the absolute minimum—would have been less than 20 million acres.

### **Cross Compliance in Effect**

Secretary Benson's program is also aimed at preventing shifting of surpluses from one crop to another. He hopes this can be accomplished by a system which will require a farmer to comply with acreage allotments for all his crops in order to get price supports for any crop.

This means that a wheat farmer cannot divert acreage above his wheat allotment to corn and still get full support for both crops. In addition, "total acreage allotment" provisions prevent the farmer from planting soil-depleting crops other than those under supports on his surplus acres. The only crops not included in these provisions are hay, cover crops, green manure crops, pasture land, idle cropland, and summer fallow.

The farmer's income, which would be expected to dip with the advent of acreage controls and cross compliance provisions, may be buttressed by grants from the Government for soil conservation work. This might come as a direct payment or subsidy, or as President Eisenhower suggested in his message on taxes, farmers may be able to make deductions from taxes for soil improvement.