NEWS

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Administration's Farm Program Approved by Senate by 62-48

Flexible price support plan voted for basic crops after furious debate; hits snag in conference between House-Senate committees, but recovers

After six days of bitter debate, the Administration's farm program was approved by the Senate last week. The final vote of 62 to 28 reflected the crumbling of opposition after the President's program of flexible price supports was grudgingly adopted by the legislators. The bill, already approved by the House, was then sent to a conference committee, which worked out the minor differences between the House and Senate versions.

The conference committee then threatened to upset the applecart when the conferees could not decide what the parity price for butter and other dairy products should be. The Senate version called for the present 75% of parity rate, but the House voted a hike to the level of 80%. Both sides remained adamant and the controversy threatened to tie up the farm bill even further.

On Monday (Aug. 16), however, the opposing factions were brought together and the conferees agreed to go along with the Administration-backed 75% level. The vote is looked upon as a victory for Agriculture Secretary Ezra Taft Benson, who reduced the dairy supports to this figure last April 1.

The flexible price system, heart of the controversial program, calls for support levels ranging from 82.5 to 90% of parity for the five so-called basic crops—corn, wheat, cotton, rice, and peanuts. This support range is exactly the same as the House voted earlier. Although the spread between the minimum and maximum support levels is only half that originally requested by Mr. Eisenhower (75 to 90% of parity) he termed the plan "a great victory."

A major provision of the farm bill, which was overlooked in the debate over supports, begins a gradual transition away from the old method of figuring parity and substitutes a plan of "modernized" parity. Support prices figured at 90% of "old" parity equal as much as 106% of the modern parity.

The Senate also approved amendments that would authorize the Secretary of Agriculture to decide whether support prices of up to 90% of parity should be established for potatoes. The price of potatoes has not been supported for several years since the notorious "potato scandal" which cost the Government many millions of dollars. The House version of the bill contains the same provision.

Secretary Benson received authority to add fluid milk to the list of dairy products which were eligible for price supports. Until now, fluid milk had to be processed into butter, cheese, or dried milk before supports could be applied.

20 States Freed of Wheat Controls

The Senate also passed, by a voice vote, an amendment by Sen. Milton R. Young (R-N.D.) which would exempt states that grow less than 150,000 acres of wheat from acreage controls. This action would affect close to 100,000 wheat growers in about 20 states, who would plant wheat without any restriction or quota. Support prices for these growers, however, would be only three quarters of the prevailing wheat support price. States which grow more than 150,000 acres would be grouped together into the "commercial wheat area" and would divide the total national acreage allotment among them.

In other provisions, the Senators voted to prohibit any acreage allotments for planting basic crops on land leased from the Government. Also prohibited were imports of inferior grade Irish potatoes.

Butter piles up in government storage warehouses such as this

Wool, Grazing Amendment Added

Two measures which were passed as separate bills by the Senate earlier were incorporated into the omnibus farm program. One, the Wool Bill, provides that growers be paid direct subsidies under a modified Brannan Plan to encourage domestic production. At present most of the wool used in the United States comes from abroad.

The second individual bill attached to the over-all program is a grazing land amendment. It authorizes the Government to reimburse ranchers who lost grazing rights on federal lands for any improvements, such as dams and fences, made while they occupied the land. This bill, in substance, was passed by the Senate in March.

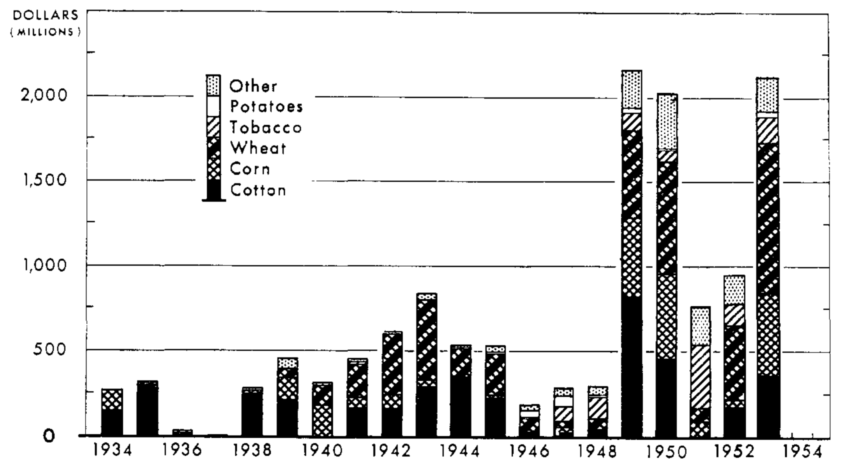
Both bills were made part of the general farm measure to enable them to be considered directly by the House conferees. Such a procedure seems to be the only possibility of getting House approval for the grazing bill, since action is not completed on it as an individual bill in the lower chamber.

In addition, the Senate moved to permit sale of feed grains (including corn) from government stockpiles at a cost-plus figure. The measure provides that these grains can be sold at the prevailing level of price supports plus 10%. Present law permits sale at a higher price.

The legislators also voted to extend until 1956 the Secretary of Agriculture's authority to pay farmers for practicing soil conservation. Also approved was a plan designed to protect current markets from the sale of farm surpluses. Another approved proposal provides for the establishment of a group of agricultural attachés in foreign countries under direct control of the Agriculture Department. Formerly these experts worked at the direction of the Department of State.

Turned down in the voting was a proposal jointly sponsored by Sens. Young and Hubert H. Humphrey (D-Minn.) which would require the Government to support at 75 to 90% of parity the price of soybeans, oats, rye, barley, and grain sorghums. Also rejected was a move by Oklahoma's two Democratic Senators, A. S. "Mike" Monroney and Robert S. Kerr, to support live beef cattle at 80% of parity.

COMMODITY LOANS MADE, BY FISCAL YEARS, 1934 TO DATE



Benson's Victory

Even before the Administration's program was introduced in Congress, Agriculture Secretary Benson was the target of certain farm state members, who argued that lowered supports would mean lower farm incomes. This in turn, they continued, could spread into other segments of the economy causing a full-scale depression.

Benson, however, continued to press for a system of flexible supports which he felt might help solve the critical problem of mounting crop surpluses. More than $6 billion worth of commodities represent the Government's investment in price supports.

The showdown fight in the Senate over supports began with a series of speeches by farm state legislators condemning the flexible system and pressing for continued rigid, high supports. Wisconsin's Sen. Joseph R. McCarthy split with many of his Republican colleagues and introduced a "flexible" system of his own. He proposed that the range vary from the present level of 90% up to a maximum of 100% of parity. This proposal was beaten soundly by a vote of 81 to 12.

An Administration-approved compromise plan calling for supports ranging from 80 to 90% was introduced by Sen. George D. Aiken (R-Vt.), chairman of the Senate Agriculture Committee. Aiken's committee earlier had recommended that the present high support plan be continued.

Before a vote could be taken, however, Sen. Andrew Schoeppel (R-Kans.) proposed that the minimum level be raised to 82.5%. He explained that this level would avoid difficulties in conference.

On the final roll call 10 Democrats joined the majority, while eight Republicans crossed party lines to vote with most Democrats against the support features. The count showed 49 in favor of the Administration's plan and 44 against. This vote paved the way for the Administration's smashing victory when the final vote was taken on the full-scale farm bill.

One of the highlights of the conference committee report was a provision authorizing the Secretary of Agriculture to get rid of dairy surpluses by any means that seem appropriate. This virtual *carte blanche* authority was deemed necessary to aid the Government's program of disposing of the mountains of surplus dairy products. Coupled with this authority was a provision which would extend price supports for milk and milk products until 1956.

The conferees, before submitting their final report, eliminated or softened some of the Senate provisions. Eliminated was a Senate-approved plan to set up a two-price program for wheat—one price for wheat sold at home and another for wheat sold abroad. The committee also rejected a Senate proposal that would change the management of grazing lands and other areas under the Forest Service.

Cost of Price Support Program for Basic Crops

Program and Commodity	Oct. 17, 1933 Through June 30, 1941	July 1, 1941 Through June 30, 1946	July 1, 1946 Through June 30, 1950	Fiscal Year Ended June 30: 1951	Fiscal Year Ended June 30: 1952	Fiscal Year Ended June 30: 1953	Fiscal Year 1954 Through May 31, 1954	Oct. 17, 1933 Through May 31, 1954
Corn	$20,078,488(—)	$ 14,336,569(—)	$17,003,844(—)	$ 748,839(—)	$ 1,783,916	$20,526,523(—)	$ 58,827,234(—)	$129,737,581(—)
Cotton	27,401,798(—)	201,605,386	34,873,354	28,938,218	148,924	381,572	908,895	236,874,517
Peanuts	......	......	66,417,360(—)	14,584,837(—)	8,670,873(—)	2,975,881(—)	21,048,453(—)	113,697,404(—)
Rice	......	......	1,291,994(—)	53,071	57,271	277,861(—)	407,676	1,051,837(—)
Tobacco	2,107,589(—)	7,074,300	378,256	71,450	1,014,923(—)	2,759,676(—)	242,747	1,884,565
Wheat	6,199,460(—)	11,775,178(—)	31,530,327(—)	19,013,932(—)	7,722,262(—)	18,886,296(—)	29,884,411(—)	125,011,861(—)
Total	55,787,335(—)	182,568,944	80,991,915(—)	5,284,869(—)	15,417,947(—)	45,807,809(—)	110,018,570(—)	130,739,501(—)

SOURCE: Commodity Credit Corp.
(—) Denotes loss.