of one branch of government vis-a-vis another. Senator MUNDT has announced that he is working up a law to take care of that annoying situation. Similarly, the fifth amendment, which was regarded for over a century and a half as a guarantee of justice equivalent in importance to the right of habeas corpus, has fallen into terrible disrepute; its misuse by Communists has led to a spate of proposals for circumventing it and to some demands for outright repeal of it. No one speaks up in its defense or points out that it was always intended that it should not be misused by some people.

Many other first principles are being strenuously challenged. In the past few weeks, a movement to combine a declaration of religiosity with the pledge of allegiance to the flag has made great headway; if this would not in itself destroy secularism and the separation of church and state, the proposal to amend the Constitution by making Christianity the official state religion would greatly further the job. The Senate sponsor of this last amendment, which has been introduced in identical form in the House, is Senator FLANDERS, of Vermont, a man whose colleagues regard him as a rugged constitutionalist. Civilian control of the military is also looked upon with suspicion. When President Truman relieved Gen. Douglas MacArthur in 1951, his contention was that he was acting in accordance with the role prescribed for him by the Constitution and with the elementary doctrine that a President proposes and a general disposes, whether he likes it or not. While it was conceded that this was the custom, it was widely agreed that it was a most undesirable one and ought to be abolished.

The signs of impatience, of discontent and irritation, multiply on every hand. Sooner or later, such dissatisfaction expresses itself in changes in the structure of law and government. If the Dirksen doctrine prevails, the changes may be numerous and far-reaching.

[From the St. Louis Post-Dispatch of May 30, 1954]

CONGRESS HAS 107 PROPOSALS TO AMEND THE CONSTITUTION

(By Tom Yarbrough)

WASHINGTON, May 29.—The United States Senate has been unusually preoccupied with constitutional amendments this season, but that does not mean that the Constitution is about to be amended. Not by a long shot.

Legislative history indicates that the Senate has been wasting its time, for the odds are extremely long that the Constitution will not be amended in any way this year, next year, or the year after that.

It is a field in which many try but very few succeed.

Since the year 1789, when the first 10 amendments were ratified en bloc as the Bill of Rights, there have been some 4,000 or more resolutions in the Senate and House of Representatives proposing changes in the basic law of the land. Only 15 of them cleared Congress, and 3 of those failed of ratification by the required three-fourths of the States.

That leaves 12 amendments adopted in 165 years, and if prohibition and repeal are considered to cancel each other out in the long view, then the net is 10 amendments—an average of 1 for every 16.5 years.

At this time there are no fewer than 107 proposed amendments on the calendars of the Senate and House Judiciary Committees. Forty are on the dockets for possible action, but few of them stand a chance of action even in subcommittee. Of the total of 107, many are duplicatory, with multiple sponsors among the amending Senators and Representatives.

As the record goes, 107 is not an unduly large number. This sort of thing goes on all the time. Many of the proposals are familiar perennials, such as those demanding equal rights for women and the elimination of the electoral college. What is unusual this year is that three have been advanced to the Senate floor for debate and action. The normal fate is burial in committee.

The Bricker amendment, which would restrict the treatymaking powers of the President, was given long debate and was defeated, although it still may be reconsidered on a technical parliamentary maneuver.

An amendment fixing the number of Supreme Court Justices at the present 9—antipacking, it was called—was given 4 hours of debate and was passed.

An amendment to make 18 years the voting age was defeated quickly.

It is significant that the House of Representatives has been a great deal slower to move. Its Judiciary Committee has 75 proposed amendments on its calendar, but has not reported a single one to the floor and has no hearings scheduled for the 16 now listed on subcommittee dockets.

The Supreme Court amendment sailed through the Senate, but it is not likely to sail through the House. Representative WILLIAM M. MCCULLOCH, Republican, of Ohio, chairman of the subcommittee to which the resolution was assigned, told the Post-Dispatch he would consider scheduling hearings on that one, since the Senate had acted, but he observed that there was a notable lack of interest in the subject on the House side.

Also lacking in interest, he said, is the only other Senate-approved amendment so far sent to the House—a device to make it impossible for the Federal Government to attempt seizure of private property as in the case of the steel industry.

The Senate Judiciary Committee, headed by Senator WILLIAM LANGER, Republican, of North Dakota, only this week ordered reported to the floor an amendment providing that vacancies in the House may be filled by appointment instead of waiting for special elections, in the event that 146 or more Members are eliminated by disaster (covering the eventuality of a hydrogen bomb on the Capitol some day while Congress is in session.)

Senator LANGER is inclined to hold hearings and have pending matters threshed out. As chairman of the full committee and also chairman of the subcommittee on amendments, he called for a hearing recently on a proposal by Senator RALPH FLANDERS, Republican, Vermont, to have the Constitution "recognize the authority and laws of Jesus Christ."

Amending the Constitution is a two-way street, as provided in article 5 of the original document. One way is for Congress to propose, by two-thirds vote, and for three-fourths of the States to ratify. The other way is for two-thirds of the States to propose, by petition to Congress, that an amendment be offered for ratification by three-fourths of the States.

Under the second method one proposition is current today. Twenty-seven States have petitioned Congress to limit the Federal tax rate to 25 percent. That started in 1939, and all sorts of legal questions have been raised. Ten States rescinded their action (and were challenged on the ground that once they had said yes they could not say no), and six States later passed the petition all over again—really compounding complexity.

The only technically live proposition now awaiting ratification is the child labor amendment, but its currency is purely technical since Congress fixed no time limit for adoption or rejection. It was submitted in 1924 but there has been no action since 1937, by which time 26 of the 36 States had ratified. The need for it, however, has been vitiated by the Fair Labor Standards Act.

The long list of suggested amendments runs a full spectrum. It ranges from a redefinition of treason (to make it broader and apply for sure in time of peace), to fixing the voting age at 18 and 19 and 21 years (no one yet having declared for 20-year-olds). Others would fix the tenure of the President at one 6-year term, and that of Representatives at 4 years instead of 2.

There is quite a variety. But the Constitution, often shot at, is seldom hit.

SENATE

SATURDAY, AUGUST 7, 1954

(Legislative day of Thursday, August 5, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Rev. F. Norman Van Brunt, associate pastor, Foundry Methodist Church, Washington, D. C., offered the following prayer:

O Thou in whom and by whom we live, source of the light that never fades, the power that never fails, the life that never ends, who hast set within us a spirit that answers to Thy spirit, draw near to us, we beseech Thee, as we draw near to Thee in the moments that begin this day. Make us extremely conscious of our union with Thee, and of our dependence upon one another, that we may endeavor wisely to order all things according to Thy will. For we know that in doing Thy will is our peace, and in Thy mercy is our hope. To this end may we find the tasks of this day sacraments of service, and our performance of them always on the level of the highest and best we know. We pray in the dear Redeemer's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., August 7, 1954.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. FREDERICK G. PAYNE, a Senator from the State of Maine, to perform the duties of the Chair during my absence.

STYLES BRIDGES,
President pro tempore.

Mr. PAYNE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. SALTONSTALL, and by unanimous consent, the reading of the Journal of the proceedings of Friday, August 6, 1954, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that immediately following a brief executive session and a quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. SALTONSTALL. Mr. President, I move that the Senate proceed to the consideration of executive business, for action on nominations under "New Reports," passing over the treaties appearing on the Executive Calendar and the nominations of Harry H. Seylaz to be postmaster of Lincroft, N. J., and Mrs. Pearl Carter Pace, of Kentucky, to be a member of the Foreign Claims Settlement Commission.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Labor and Public Welfare.

(For nominations this day received, see the end of Senate proceedings.)

PROTOCOL LIMITING CULTIVATION OF THE POPPY PLANT AND INTERNATIONAL AND WHOLESALE TRADE IN AND USE OF OPIUM—EXECUTIVE REPORT OF A COMMITTEE (EX. REPT. NO. 7)

Mr. WILEY. Mr. President, from the Committee on Foreign Relations, I report favorably, without reservation, Executive C, 83d Congress, 2d session, the protocol limiting cultivation of the poppy plant and the international and wholesale trade in and use of opium. I ask unanimous consent to submit the printed report by midnight Monday, August 9.

The ACTING PRESIDENT pro tempore. The protocol will be received and placed on the Executive Calendar; and, without objection, the request of the Senator from Wisconsin is agreed to.

If there be no further reports of committees, the clerk will state the nomination on the Executive Calendar under "New Reports."

UNITED NATIONS

The Chief Clerk read the nomination of Henry Cabot Lodge, Jr., of Massachusetts, to be a representative of the United States of America to the ninth session of the General Assembly of the United Nations to serve no longer than December 31, 1954.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of H. ALEXANDER SMITH, of New Jersey, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of J. W. FULBRIGHT, of Arkansas, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of C. D Jackson, of New York, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Charles H. Mahoney, of Michigan, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Roger W. Strauss, of New York, to be alternate representative of the United States of America to the ninth session of the General Assembly of the United Nations, to serve no longer than December 31, 1954.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James J. Wadsworth, of New York, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Mrs. Oswald B. Lord, of New York, to the same office, for the same period of time

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ade M. Johnson, of Washington, to the same office, for the same period of time.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Chief Clerk read the nomination of James Bradshaw Mintener, of Minnesota, to be Assistant Secretary of Health, Education, and Welfare.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The Chief Clerk read the nomination of Martin W. Oettershagen, of Illinois, to be Deputy Administrator of the St. Lawrence Seaway Development Corporation.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The Chief Clerk read the nomination of Philip A. Hoghaug, of North Dakota, to be collector of customs for customs collection district No. 34, with headquarters at Pembina, N. Dak.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. SALTONSTALL. Mr. President, I ask that the President be immediately notified of the nominations confirmed today.

The ACTING PRESIDENT pro tempore. Without objection, the President will be immediately notified.

NOTICE OF CONSIDERATION OF CERTAIN NOMINATIONS

Mr. WILEY. Mr. President, the Senate has received the following nominations:

John C. Beukema, of Michigan; Harry C. Brockel, of Wisconsin; Kenneth Merle Lloyd of Ohio; Hugh Moore, of Pennsylvania; and Edward J. Noble, of Connecticut, to be members of the Advisory Board of the St. Lawrence Seaway Development Corporation. I give notice that these nominations will be considered by the Committee on Foreign Relations at the expiration of 6 days in accordance with the committee rule.

LEGISLATIVE SESSION

Mr. SALTONSTALL. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. SALTONSTALL. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Morning business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT OF CLAIMS SETTLED UNDER MILITARY PERSONNEL CLAIMS ACT

A letter from the Acting Secretary of the Army, transmitting, pursuant to law, a re-

port on claims settled under the Military Personnel Claims Act of 1945, as amended, by the Department of the Army, for the fiscal year 1954 (wih an accompanying report); to the Committee on the Judiciary.

THE CHOCTAW NATION *v.* THE UNITED STATES

A letter from the Chief Commissioner, Indian Claims Commission, transmitting, pursuant to law, a report by that Commission on the settlement of the claim of the *Choctaw Nation, petitioner,* v. *the United States of America, defendant* (with accompanying papers); to the Committee on Interior and Insular Affairs.

AMENDMENT OF ACT OF JUNE 3, 1916, RELATING TO FLIGHT INSTRUCTION

A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation to further amend the act of June 3, 1916, and for other purposes, relating to flight instruction (with accompanying papers); to the Committee on Armed Services.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution of the Legislature of the Territory of Guam; to the Committee on Armed Services:

"Resolution 156

"Resolution relative to memorializing the Congress of the United States to require that the Defense Department and contractors working for the Federal Government employ United States citizens when available before importing alien labor

"*Be it resolved by the Legislature of the Territory of Guam:*

"Whereas numerous aliens are presently employed both by the Armed Forces in Guam and by contractors doing work for the Federal Government in Guam; and

"Whereas there is an increasing number of United States citizens available for the performance of such labor; and

"Whereas military security is best served by strict limitation upon the number of aliens permitted to work in and around military installations: Now, therefore, be it

"*Resolved,* That the Guam Legislature does hereby respectfully memorialize the Congress of the United States to require both the Department of Defense and contractors employed on Federal projects in the Territories to employ citizens of the United States rather than aliens whenever the necessary supply of citizen labor is available; and be it further

"*Resolved,* That the Executive Secretary be and she hereby is directed to transmit a copy of this resolution to the Presiding Officer of the Senate of the United States, and to the Speaker of the House of Representatives of the United States, to the Secretary of Defense, to the Secretary of the Interior, and to the Governor of Guam."

A letter from the Coordinator, Office of Civil Defense, Commonwealth of Virginia, Richmond, Va., transmitting a certified copy of an Interstate Civil Defense Compact entered into by the States of Virginia and Maryland; to the Committee on Armed Services.

TELEGRAM FROM COMMANDER IN CHIEF OF UNITED SPANISH WAR VETERANS

Mr. WILEY. Mr. President, along with my other colleagues, I was glad to hear from the commander in chief of the United Spanish War Veterans, Mr. John U. Shroyer, urging that the Nation remember the heroes of 1898, their widows and dependents.

I present Mr. Shroyer's telegram, one which I am sure will strike a respondent chord in the hearts of our people; and ask unanimous consent that it be printed in the body of the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *August 6, 1954.*

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.:

Fifty-six years ago our men were sent into the swamps and jungles in Cuba, Puerto Rico, and the Philippines to stop the army of Spain from further exploiting the inhabitants of the above three countries. Our men planted the spirit of America, and this spirit has endured until this day. All three countries have maintained a spirit of loyalty to America and communism has been unable to gain foothold. Our men suffered untold hardships and in so doing have built a bulwark of loyalty among the above three countries that has been a bulwark in protecting the interests of America. America has given billions of dollars to combat communism in all the world. What would have happened to America if the Philippines cast their lot with the Asiatics and renounced the spirit of America that our men planted in their country 56 years ago? Our widows are now in the average bracket of 73 years and up. All we ask for them, that you amend 9020 and give them a cost-of-living increase of $5 per month in pension. We ask nothing for the men. During June 599 of our men died. Many of our widows must depend on relatives. Surely you do not want these old ladies placed on public relief.

JOHN U. SHROYER,
Commander in Chief, USWV.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CORDON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 8006. A bill to authorize the Secretary of the Interior to issue patents for certain lands in Wisconsin bordering upon inland lakes or rivers (Rept. No. 2331); and

H. R. 8384. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Talent division of the Rogue River Basin reclamation project, Oregon (Rept. No. 2332).

By Mr. CORDON (for Mr. KUCHEL) from the Committee on Interior and Insular Affairs, without amendment:

H. R. 2843. A bill to authorize the Secretary of the Interior to investigate and report to the Congress on the conservation, development, and utilization of the irrigation and reclamation resources of the Waimanalo, Oahu; Waimea island of Hawaii; and Molokai projects, Territory of Hawaii (Rept. No. 2333);

H. R. 7569. A bill to authorize the removal of a restrictive covenant on land patent No. 9628, issued to the board of the Hawaiian Evangelical Association on January 18, 1929, and covering lots 5 and 6 of Waimea town lots, situated in the county of Kauai, T. H. (Rept. No. 2334); and

H. R. 8736. A bill to authorize the issuance of a land patent to certain public lands, situate in the county of Kauai, T. H., for school purposes (Rept. No. 2335).

By Mr. CORDON (for Mr. KUCHEL) from the Committee on Interior and Insular Affairs, with an amendment:

H. R. 2015. A bill to authorize the sale of certain land in Alaska to Lloyd H. Turner, of Wards Cove, Alaska (Rept. No. 2336).

By Mr. DWORSHAK, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 9889. A bill to authorize the Secretary of the Interior to execute an amendatory contract with American Falls Reservoir District No. 2, Idaho, and for other purposes (Rept. No. 2337).

By Mr. SALTONSTALL, from the Committee on Armed Services, without amendment:

S. 3595. A bill to direct the Secretary of the Army to convey certain property located in El Paso, Tex., and described as part of Fort Bliss, to the State of Texas (Rept. No. 2338).

By Mr. SALTONSTALL, from the Committee on Armed Services, with amendments:

S. 3750. A bill to direct the Secretary of the Air Force to convey certain property located in proximity to San Antonio, Bexar County, Tex., to the State of Texas (Rept. No. 2339).

By Mr. WILEY, from the Committee on Foreign Relations, with amendments:

S. 3067. A bill to require that international agreements other than treaties, hereafter entered into by the United States, be transmitted to the Senate within 30 days after the execution thereof (Rept. No. 2340).

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

H. R. 2358. A bill for the relief of Dr. Vahram Uluhogian (Rept. No. 2341);

H. R. 3144. A bill for the relief of Elias Y. Richa (Rept. No. 2342);

H. R. 3238. A bill for the relief of Danica Maria Vavrova (Rept. No. 2343);

H. R. 6367. A bill for the relief of Nobu Nogawa Nitta (Rept. No. 2344);

H. R. 8115. A bill for the relief of Tannous Estephan (Rept. No. 2345);

H. R. 9336. A bill for the relief of Marianne Geymeier (Rept. No. 2346);

H. R. 9671. A bill for the relief of Dr. Liang Nun Wang and his wife and child, Fa-chi Ling Wang and Eileen Wang (Rept. No. 2347);

H. R. 9814. A bill for the relief of Alfio Capizzi (Rept. No. 2348); and

H. R. 9996. A bill for the relief of Susan Ellen Heiney (Rept. No. 2349).

By Mr. McCARRAN, from the Committee on the Judiciary, without amendment:

S. 2017. A bill to revise the procedure in the district courts relating to the disposition of the wages and effects of deceased and deserting seamen, and for other purposes (Rept. No. 2350).

By Mr. McCARRAN, from the Committee on the Judiciary, with an amendment:

S. 1813. A bill to amend title 28, United States Code, so as to extend the privilege of trial by jury to certain cases arising within the special maritime and territorial jurisdiction of the United States (Rept. No. 2351);

S. 2975. A bill to amend title 28, United States Code, relating to the Customs Court (Rept. No. 2352);

S. 3131. A bill to amend title 28, United States Code, with respect to the United States Court of Customs and Patent Appeals (Rept. No. 2353); and

S. J. Res. 158. Joint resolution to amend section 84 (a) (2) of title 28 of the United States Code (Rept. No. 2354).

By Mr. McCARRAN, from the Committee on the Judiciary, with amendments:

S. 960. A bill to amend sections 1505 and 3486 of title 18 of the United States Code relating to congressional investigations (Rept. No. 2355).

AMENDMENT OF SECTION 11 OF ADMINISTRATIVE PROCEDURE ACT—AMENDMENTS

Mr. PAYNE submitted amendments intended to be proposed by him to the bill (S. 1708) to amend section 11 of the Administrative Procedure Act, and for other purposes, which were ordered to lie on the table and to be printed.

AGRICULTURAL ACT OF 1954—AMENDMENTS

Mr. AIKEN submitted an amendment intended to be proposed by him to the bill (S. 3052) to encourage a stable, prosperous, and free agriculture, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. DOUGLAS submitted amendments intended to be proposed by him to Senate bill 3052, supra, which were ordered to lie on the table and to be printed.

LOCAL OPPOSITION TO DELAWARE RIVER PROJECT

Mr. WILEY. Mr. President, I commented on August 2 in the CONGRESSIONAL RECORD expressing my doubts on the procedure being followed in attempting to ram through a $91 million project for a 40-foot channel for the Delaware River, including an $18 million gift for a particular American corporation.

I send to the desk now a supplementary statement and certain materials on this same issue.

I ask unanimous consent that my statement and the material be printed in the body of the RECORD.

There being no objection, Mr. WILEY's statement and the material submitted by him were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

LET THERE BE PROGRESS, BUT NOT EXTRAVAGANCE

I should like to make my position perfectly clear with respect to the pending Delaware River project, involved in S. 2317, and in the amendment to the omnibus rivers and harbors bill.

Because of my concentration on work on the Senate Foreign Relations and the Senate Judiciary Committees, I do not claim to be an expert in all rivers and harbors matters, involving projects in all the various parts of our country.

In all fairness to each of these projects, to the Senate Public Works Committee, its distinguished chairman and members, the projects reported deserve careful consideration on their respective merits.

I should like to say, too, that I do not believe that the legitimate needs of the people of the Delaware River area should be denied any more than I believe that the needs of the people of Wisconsin or the Great Lakes area for 27-foot connecting channels should be denied.

But, I would not want any project for the Delaware River, or for that matter, for the lakes, to be rushed through without careful consideration, preferably on both sides of the Hill.

NO HOUSE HEARINGS HELD

For any Senate committee to approve a project for $91 million all in one swoop—and to do so within a period of but 8 short days after the legislation had been first introduced for this purpose, and without the House Public Works Committee having heard so much as 60 seconds of testimony on the costly project—all this seems to me a very questionable procedure.

TAXPAYERS' INTERESTS UNPROTECTED

Moreover, when the Senate committee chooses to ignore the sound position of the United States Corps of Engineers, the Department of the Army and the Bureau of the Budget, and to make what amounts to a free gift of $18 million to one corporation which, according to the Army should (and certainly could) bear that cost, then I say that the taxpayers' interests are not being looked after.

VENEZUELAN ORE WELCOME

I want to make it perfectly clear that I am not being personally critical of this particular corporation, United States Steel, a great company which has contributed invaluably to the strength of the American economy.

I am glad that Venezuelan ore is being made available to the United States steel industry. My high regard for our good neighbor, Venezuela, is well known. This great new source of ore is extremely welcome.

I do not want our country to be overdependent upon any one or two sources or one or two channels of communication or transportation.

That was one of the very reasons why I fought so hard for the Great Lakes seaway; for it opened up a brand new frontier, a brand new alternative channel of transportation, a brand new artery to the great Labrador ore fields which have just sent their first shipment.

And so, with consistency, I want America to get the benefit of Venezuelan ore shipments, as well, but I don't want the taxpayers to be taken for a ride of $18 million or 18 cents if we can possibly prevent it.

LOCAL OPPOSITION TO 40-FOOT CHANNEL

Since making my original comments, there have come to my attention a great many expressions from the Delaware River area.

A great many folks there have expressed their most vigorous opposition to the 40-foot project.

Many people are convinced that this costly depth is not necessary. I am going to include the text of certain materials which I have received, including the text of an editorial from the newspaper Seafarer's Log, published by the Seafarer's International Union.

It isn't my present purpose to attempt to prejudge all of the allegations made in this material.

But I do want to bring them to the attention of my colleagues so that these references will be available and so that we can study them further, and then come to the right decision.

CONCLUSION

I do not believe in a provincial, narrow approach.

I do not want any one section of our country to deny legitimate progress to another section. But neither do I want any one area to take advantage of the Federal Treasury.

I want justice for the Delaware area, but I do not want extravagance for that or any other area.

[From the Beverly (N. J.) Banner of May 14, 1954]

NO COMPARISON

Some of the interests that are persistently at work through devious ways to secure a huge Government appropriation for the purpose of dredging a 40-foot channel in the upper Delaware River have seized upon the recent approval by Congress of the St. Lawrence seaway project as an argument to justify the upper Delaware Treasury raid.

Propagandists for the Delaware River project seek to show that it is comparable in national importance to the St. Lawrence program. As a matter of fact there can be no sound comparison at all if an unbiased view of the facts is taken.

Whether or not the huge outlay of public funds for the construction of the St. Lawrence seaway is an economically sound investment is a debatable question but there can be no doubt that whatever benefits are derived will be distributed over a vast area of the country and in this respect the project fulfills one of the basic requirements for a justifiable public works expenditure.

The St. Lawrence project will open up the entire Great Lakes region to oceangoing vessels. The area benefited comprises thousands of square miles of territory in the very heart of the Nation and includes such great commercial centers as Buffalo, Cleveland, Toledo, Detroit, Chicago, and Milwaukee.

On the other hand the proponents of the upper Delaware plan would have our Government take the taxpayers' money from all parts of the country and concentrate a huge expenditure in one tiny local area for the benefit of a very few; in actual fact for the benefit of just one corporation—United States Steel—which is the only concern now located on the upper river whose business is of a nature that would permit it to make use of the extremely large type of vessels for which a 40-foot channel is required.

It must be remembered that there are very few commercial vessels in existence today large enough to require a 40-foot channel for their passage. There are relatively few ports in the world having channel depths of 40 feet. The bulk of the world's commerce is carried on by the class of vessels that can readily navigate the present upper Delaware channel, which has an authorized depth of 25 feet at low water and which, with our 6-foot tidal range, becomes a 31-foot channel at high water.

Let us not forget that the much publicized St. Lawrence seaway is to have a controlling depth of but 27 feet and that it is supposed to be a self-liquidating project, through tolls collected from the users.

A great deal of sheer nonsense has been spoken and published about this upper Delaware River channel project. Most of it has been spread about in an effort to pull the wool over the eyes of an uninformed public with the aim of disguising the fact that the plan, if carried out, would be for the benefit of a very few and would therefore simply constitute a huge Government subsidy to special private interests.

[From the Seafarers Log, Brooklyn, N. Y., of July 23, 1954]

FOREIGN-FLAG SUBSIDY

As everyone knows, American maritime has its troubles and one of the reasons is the competition suffered from runaway flag operators. As a result, the United States section of the industry has had to fight hard for some kind of Government aid so that it can keep its head above water.

It's a little astonishing then, that huge billion-dollar corporations like United States Steel can get Congress to vote millions of

dollars for their own personal port projects designed to service their giant ore-carriers under the runaway flags.

The latest word is that the Senate is considering an $87 million channel improvement project on the Delaware River that for all intents and purposes is solely for the benefit of that one corporation, while the House is set to pass on a similar, but less costly project for Mobile Harbor, also designed to accommodate these same foreign-flag ore carriers. As far as can be determined, United States ship operations have little or no need for the 40- to 42-foot channel extensions involved in these expensive projects.

As a matter of fact, at one time United States Steel was asked by the Army Corps of Engineers to pay half the cost of the Delaware project, and was outraged at the thought of paying half its own way. The result is that under the present Delaware bill, the company only has to provide a terminal and transfer facilities at its Fairless plant.

Of course, every maritime body, the SIU included, is in favor of improving our port facilities. It appears though, that if Congress is being so kind to United States Steel, the least it could ask is that the company register its ore boat subsidiaries under the United States flag.

PHILADELPHIA, PA., *August 5, 1954.*

Hon. ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SIR: It is reported in the Philadelphia papers that you have expressed opposition to the item being put before Congress providing for the dredging of the 40-foot channel in the upper Delaware River to the Fairless plant of the United States Steel Corp.

In this connection, I want to say that the local facts amply justify this opposition and I know that local people who know the facts will applaud your stand in the matter.

To emphasize some of these facts I am attaching copy of the letter which I have just written to the Committee on Public Works of the House of Representatives. There has been some confusion as to the status of the matter and, therefore, local people in opposition haven't known to whom exactly their views should be expressed, but I now understand that the project has not been completely approved even by the Senate.

I think that the enclosed letter covers most of the points that are pertinent. The main one is that it seems completely outrageous to people familiar with the scene that this very expensive project should be undertaken for the one specific purpose of tailoring the entire river to fit one specific type of ship to be used only by one corporation. Incidentally, we have it on pretty good authority that these ships are being currently built in Japan at a time when shipyards all up and down the Atlantic coast are preparing to close down for lack of business. This is a fact which does not fit in very well with the general promotion of local industry which the proponents of the channel say is their one and only object.

Another point which has not been sufficiently stressed is that concentration of more heavy industry in this Delaware Valley area, even if it came about, would be contrary to the current trend of dispersal of industry in the interest of national defense.

For myself, and in behalf of the Delaware River Valley Association mentioned in attached letter, I hope that you will continue to oppose this project and will see that it gets thorough debate so that every point for and against can be properly brought out before any final action is taken on it.

Sincerely yours,

GEORGE C. KRUSEN & SON,
G. ELLIOTT KRUSEN.

P. S.—I enclose a circular about the association because it sets forth the points of the controversy. Membership includes residents of river towns, local town officials, business concerns, and industrial plants or their officers. E. K.

Hon. GEORGE A. DONDERO,
Chairman, Committee on Public Works,
House of Representatives,
House Office Building,
Washington, D. C.

DEAR SIR: Thank you for your acknowledgment of my telegram about the 40-foot channel in the upper Delaware River. I wired because there seemed to be some confusion as to the status of the matter and I felt that time might be important. I would like, however, to amplify in this letter what was said in the telegram.

It is my understanding that your committee will be asked by the Senate Committee on Public Works to consider this matter even though it hasn't been considered yet or debated by the House, and that this consideration will be asked in a hurry when Congress is about to adjourn. The people opposed to the project feel that the considerations are entirely too important to be subject to a hurried action without proper debate and that the principles involved should not be slurred over by inclusion in the legislation covering a lot of small and miscellaneous public-works projects.

People who are familiar with the upper Delaware area are fully convinced that the 40-foot channel is not necessary as a matter of public interest and public good, and that its only important value would be to United States Steel Corp. for the use of one highly specialized type of ship which would reduce their own handling costs. There are several alternative ways to handle this, however, including the one now in use—shipping in oceangoing steamers of 8,000 to 10,000 tons which they can use and are using in the present 25-foot channel. A survey was made of all existing industrial plants on the river by the Delaware River Valley Association who are interested in the whole project because most members are residents of the river towns. The writer is an officer of this association. This questionnaire to better than 40 companies developed practically no interest in the deep channel for shipping purposes. Those who showed any interest simply said that it "might be of some value to them in the future" and the only really specific interest was based on desire to use dredged material from the river to fill in waste or swampland owned by these industrial plants.

Meanwhile, at least a half dozen new industrial plants recently established on the river between Camden and Beverly, N. J., including the Hoganaes sponge iron plant and a plant of the Air Reduction Company of America, both in Cinnaminson Township, have been built with no reference to river transportation and no contact with the river, but rather on the railroad, depending on rail and truck transportation as perfectly adequate. Our organization can find practically no manufacturing plants which are locating really on the river because they need water transportation and practically any of them who did so locate could operate perfectly well with the present channel.

The public generally gets a very false and one-sided impression of this project because of the publicity in Philadelphia and Trenton newspapers which has been inspired by bodies such as chambers of commerce and port development people who naturally want to see any local expenditures of Federal funds that they can induce Congress to provide, thus they further the plans of the steel company to get this improvement which is a real asset and necessity only for their one specific purpose.

Better than 20 years ago the present 25-foot channel was dredged because it would produce a tremendous development of the water transportation in the upper river and of the city of Trenton as a seaport. Nothing of the sort happened and even the 25-foot depth was allowed to shoal with practically no protest until the last 3 or 4 years, because no one was interested in the river from the standpoint of actual waterborne commerce. It seems very foolish to assume, therefore, that anything different will happen with a 40-foot channel because conditions in this area are not fitted to any general use of oceangoing ships to carry cargo to the upriver industries. They don't use shipload quantities of heavy material and the carrying of general cargoes is definitely not feasible.

Under these conditions, the local people who know the situation and don't simply get their impressions from boom-the-port editorials in the newspapers know that the local need does not justify the size of the project and the expenditure involved, or even the big deterioration which would ensue in the recreational value of the upper river and the reduction of land values in the river towns, which are mostly residential areas. This is not the major consideration, however. The big issue is that it amounts to a direct subsidy to one corporation and will produce no general public good to justify that much expenditure. The $91 million appropriation, incidentally, includes something like $14 million for rebuilding 2 bridges over the river which are perfectly adequate with the present channel and would be so even if it were deepened to 30 feet or so, better to accommodate general traffic. This would mean a great dislocation of road and railroad traffic over a period of at least a number of months.

Summing up, I believe that this whole project has been discussed entirely from the pro side up to now and that it should not be permitted to go through Congress as though it were just a trivial appropriation item and justified as a public need, which it is not. I hope, therefore, that your committee will see that it has been thoroughly discussed and is examined from every angle when it comes up.

Very truly yours,

GEORGE C. KRUSEN & SON,
G. ELLIOTT KRUSEN.

The ACTING PRESIDENT pro tempore. If there is no further morning business to be transacted, the Chair lays before the Senate the unfinished business.

AGRICULTURAL ACT OF 1954

The Senate resumed the consideration of the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, the Senate has before it at this time a very important matter. The question before the Senate is whether or not there will be granted to farmers 90 percent of parity price supports on basic commodities, or whether the Senate will adopt the amendment proposed by the Senator from Vermont [Mr. AIKEN], which provides for support prices on a sliding scale from 90 to 80 percent of

parity, or whether the Senate will not pass any bill at all, and thereby put into effect the 1949 act, which provides for a sliding scale of support prices from 90 to 75 percent. That is the important question before the Senate at the present time.

As I see it, it is very important that price supports be kept at 90 percent of parity on basic commodities, in order that proper security may be insured to the farmers and to the Nation.

Unless effective action is taken at this session of Congress, the 1949 Agricultural Act will become effective in 1955, replacing 90 percent of parity support prices for the basic crops with a system of flexible supports which would permit support levels to drop to 75 percent of parity. Failure on the part of Congress to act at this time may immediately trigger the beginning of another economic depression. That is something I fear at this time, for if we should let happen a depression such as occurred in the early thirties, probably it would be even worse now than it was at that time, simply because there is now hanging over our head a heavy indebtedness, and the Government would not be able to pay the interest on that bonded indebtedness. So there is a possibility that, if we do not protect the farmers, there will be another recession, and following that there will be a depression.

We have found in the past that preceding every recession or depression first the farmers have suffered. The farmers are certainly suffering now, as anyone will find if he travels about the United States, contacting the farmers and seeing conditions as they exist. Anyone would reach that conclusion.

The prospects for continuance of reasonably prosperous times are good only so long as the farmers remain prosperous, for the economic well-being of the farmer has always been closely linked to the prosperity of the Nation as a whole.

I am not endeavoring to protect the farmer because of political necessity or because I feel I must protect a self-seeking, self-interested group of people who are parasites by nature, who drain instead of enhance our Nation's economy. Any suggestion that I am engaged in such an endeavor is a far cry from the truth.

The interests of our farm population and of the great consumer population in the urban areas are and always have been identical. Those interests are inseparable. A healthy agricultural economy is as imperative to the welfare of the city dweller as it is to the welfare of the farmer. Any farm program which protects the purchasing power of the farmer is a means of protecting the national purchasing power, since there is a direct ratio of national income to farm income.

I should like at this point to read what Mr. H. L. Wingate, president of the Georgia Farm Bureau, had to say as to this matter, to show how inseparable the agricultural economy is from the economy of the city dweller, and how the two economies dovetail into each other. Mr. Wingate said:

> Agriculture is number one in the basics of our national economy. I am sure it would startle all of us if we knew today just how many millions of nonfarm people are living on the purchasing power of farmers. In 1952 farmers purchased over 7 million tons of steel—more than is used for a year's output of passenger cars; 16½ billion gallons of crude oil—more than is used by any other industry; 320 million pounds of raw rubber—enough to put tires on over 6 million cars; 15 billion kilowatt-hours of electric power—enough to supply Chicago, Detroit, Baltimore, and Houston for 1 year. There are owned by farmers in this Nation today 4,400,000 tractors, approximately the same number of cars, and over 2,500,000 trucks.
>
> Farmers must and have produced ample food and fiber, not only in time of peace but in time of war. Agriculture is the largest industry in this Nation and its problems are somewhat different from those of other industries. All industries or businesses producing or handling either raw materials or finished goods control their production or purchases or they will not remain in business very long. Controls in all but agriculture can be geared up or down as needed all through the year. Agriculture can attempt to control only once each year. Farming has many hazards such as extreme wet weather, droughts, insects, and diseases, making our controls less effective, and for these reasons we are called upon to carry large surpluses of storable commodities for the protection of the consuming public and the security of our Nation. Farmers harvest and market all of their crops over a period of about 3 months, and carrying surpluses required of them makes it impossible to get 100 percent, 90 percent, or even 75 percent of parity without a support program.

That is so because the crops are thrown on the market all at one time.

I fear that a sliding scale will increase speculation and the farmer will become the victim of others who will make money from the commodities he produces and sells.

I feel, too, that we ought to consider what happened in the early 1930's. This is what happened: Hogs in 1931 were 5.7 cents a pound, and in 1932 were 3.3 cents a pound. Cattle in 1931 were 5.3 cents a pound, and in 1932 were 4.2 cents a pound. Cotton in 1931 was 5.6 cents a pound, and in 1932 was 6.5 cents a pound. Tobacco in 1931 was 8.2 cents a pound, and in 1932, 10.5 cents a pound. Wheat in 1931 was 39 cents a bushel, and in 1932, 38.2 cents a bushel. Corn in 1931 was 32 cents a bushel and in 1932 was 31.9 cents a bushel.

These disastrously low farm prices wrecked the economy of the United States, and brought about later what was known as the depression of the early 1930's.

If cotton were reduced to 75 percent of parity I believe it would lower the price about 5 cents a pound. The average amount of raw cotton in a shirt is a little more than a half pound. One can figure out what the cost would be if the price of cotton were lowered 5 cents a pound. How much saving would there be on one shirt? Maybe about 3 cents, or something like that. The same thing is true as to a dress made of cotton, and other goods made of cotton.

Suppose we consider wheat, to see what the possible savings are there. The value of the farmer's wheat which goes into a loaf of bread is about 2½ cents. That is about how much wheat goes into a loaf of bread. So if the price of wheat were increased or decreased 20 percent, as compared to what it is today, there would be an increase or decrease, whichever it happened to be, in the price of bread of about one-half of 1 cent, if it were passed on to the consumer. But usually the middle man takes up that slack, regardless of what happens with respect to the price of wheat.

The same thing is true with regard to tobacco. Tobacco is one of the basic commodities today. The value of the farmer's tobacco in a package of cigarettes is only about 3.3 cents. In order to save the consumer 1 cent a package on cigarettes the price of the farmer's tobacco would have to be reduced 15 cents a pound. I am trying to show how the consumer is affected if every bit of the reduction is passed on to the consumer, which is not true, as we know, from the record.

We do want to do something to protect our farm economy. Any farm program which protects the purchasing power of the farmer is a means of protecting the national purchasing power, since there is a direct ratio of national income to farm income. Thus a price-support program protects not only the agricultural segment of our population but the Nation as a whole.

Any law which would unleash upon the farmer a chain reaction of complications might paralyze every segment of the Nation's economy. The sudden decline in farm income which would necessarily result if the 1949 Agricultural Act were allowed to become effective would be a severe blow to both the producer and the consumer. The declining farm prices and net income would bring about an agricultural upheaval such as the one which touched off the depressions in 1920–21 and in 1929–32.

I remind Senators that never in the history of our country has there been a serious depression when farm prices were at or above parity. Let that sink in. There is a reason for this, a simple reason of cause and effect. There is a simple formula: farm cash income is in direct ratio to farm support levels, so the value of agricultural assets reflects the level of rural and urban business directly dependent on the farm market.

A good example of this economic interaction is the farm-implement industry which has already curtailed production. I find that today the automobile industry is in such a condition that complaints of bootlegging of new automobiles are being made because the new cars cannot readily be sold.

The low price of farm commodities, in turn, has adversely affected the steel industry.

Layoffs and unemployment are increasing. Try as they may, the party in power cannot explain this away as one more ramification of what they like to call "the rolling adjustment," which will disappear if we will only wait a while.

Mr. President, I have a definition for the administration's favorite label of recession; it is the so-called rolling adjustment. It is an economic period during which big business has its taxes adjusted downward, while the farmer and the worker get "rolled."

When we talk about taxes being adjusted downward for big business, I should like to call to the attention of the Senate an article in the U. S. News & World Report of this week. I want Senators to read what it says in regard to taxes and how some of big business may avoid the payment of taxes under the new tax bill which is at the present time rolling downward, so to speak, taxes on big business.

In any discussion of the economic prospects of this country, the significance of price supports in agriculture must be considered in relation to the contribution price supports make to the national economic policy.

There is much historic evidence that all depressions are farm bred and farm led.

If this be true, then prompt and immediate action on the farm front to curb a recession should certainly not be greeted with cries of anguish.

The farmer recently has been the whipping boy for the proponents of the flexible farm program, who blame the farmers for the high cost of living, and claim that flexible price supports would result in reduced costs to the consumer. At the moment they are claiming that we probably have too much butter and we have too much in the way of dairy products. I call to their attention the fact that to the dairy industry their flexible program now applies.

What has it done?

In other fields the flexible program has not been applied.

Just how valid then is this premise that flexible supports are desirable? Today, under the President's program, an hour's work will buy more food for a consumer than at any other time in our history. How many times have we gone into the grocery store and been shocked at the price of this or that? How many times have we said, "Oh, for the good old days." Yet the Department of Agriculture's statistics will bear me out when I say that consumers get more and better food today with an expenditure of a smaller percentage of their income than at any other time in our history.

In 1914, for example, a housewife was able to purchase 3½ pounds of bread for the same hour's earning power with which in 1953 she could purchase 10.7 pounds.

The interests of consumers and agriculture do not lie down separate paths. Rigid supports for the farmers are not responsible for the high cost of living.

Consideration must be given to current marketing margins for farm products. As I said a few moments ago in regard to the cost of the cotton that goes into a shirt or a dress, the cost of the cotton affects them very little.

The farmers lose greatly when their prices slide down a little bit. That is an entire loss to them. But when the commodity goes into a finished article it represents only a small part of the cost.

Costs to the consumer could easily be reduced by cutting back wages of workers who process, handle, and distribute such products, by slashing freight rates and handling charges, and establishing minimum margins on the distribution level. I would be the last one to advocate such extreme measures. I certainly do not want to turn back the clock on the social gains made during our past Democratic administration. Why, then, is the farmer being penalized? Why is the clock being turned back on agricultural progress?

Labor has long had its demands for minimum-wage standards answered. Labor's demands are constantly being reevaluated and the minimum standards raised, and justifiably so.

The question does not come up of lowering minimum-wage standards or returning to conditions of years past when the minimum wage had not yet arrived, and women and children slaved in factories for low wages and under inhuman conditions. I have seen such conditions with my own eyes, for I have worked with my own hands in the mills and suffered from the low wages paid, so no one knows better than I do the facts concerning that.

Why, then, is the farmer's security now to be sacrificed? Parity for the farmer is not much different from minimum-wage standards for labor. Labor is entitled to fair pay. Why should not the farmers be entitled to a fair share of the national income they help to produce?

What does 90 percent of parity mean? It means that the farmer who produces a pound of cotton or a bushel of wheat will be assured by his Government that he will get 90 percent of the cost of producing the pound of cotton or of the bushel of wheat. Is that not fair? We do not advocate minimum wages only in periods of full employment and high industrial income. We contend that a fair minimum wage is a guaranty of a decent standard to which all workers are entitled at all times. So it should be with parity.

Mr. MURRAY. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MURRAY. Is it not true that in the period when labor was seeking minimum wages a bitter fight was made against their effort; in fact, there is continuing opposition to the fixing of minimum wages for workers.

Mr. JOHNSTON of South Carolina. The Senator is entirely correct. Some people screamed then that they wanted free enterprise and wanted to let things alone, and that proposals of that kind were socialistic. But the Senator knows and I know it is necessary to have such laws upon our statute books.

Mr. MURRAY. Working people having low wages are not an asset to the country.

Mr. JOHNSTON of South Carolina. That is true.

Mr. MURRAY. They are liabilities. They have not purchasing power to keep the economic system going, and the same is true with reference to the farmers.

Mr. JOHNSTON of South Carolina. The Senator from Montana is entirely correct. The same is true today with respect to parity prices. It is necessary to assure the farmer pay parity in order to protect him.

I remember in years gone by prior to the 1930's, when the cotton producer was told, "Well, your cotton will not go down more than $10 a day." The Federal Government had a law to that effect on the statute books. Think how ridiculous it was. Then in the early 1930's the Government started to protect the farmer.

We do not advocate minimum wages only in periods of full employment and high industrial income. We contend that a fair minimum wage is a guaranty of a decent standard to which all workers are entitled at all times. So should it be with parity. Parity is a minimum guaranty which the Government, in its own interest and in the interest of all its people, insures to the farmer. It is not a program which offers the farmer a high parity when crops are in short supply and, hence, high price in the market place; and, conversely, a low price when there is a crop surplus and his need is the greatest. The flexible parity proposal is not a program designed to stabilize agricultural income. It is, rather, a calculated plan to use the farmer. That is what flexible parity is. It offers him a high parity when he does not need it, and pays him at a substandard rate when his need is the greatest.

It will take a corps of high-powered advertising men to square flexible supports with many of the campaign utterances of 1952. I, for one, do not propose to stand mute while the farmer is subjected to this shabby treatment by those who 2 short years ago posed as his friends, and who said he would be entitled not only to 90 percent of parity, but to 100 percent of parity in the market place. That was the administration speaking through its candidate at that time. I cannot for the life of me understand how the same advocates can now propose a flexible support program.

I should like, if I may, to touch for a moment on the international ramifications of the farm program which this

Congress ultimately adopts. During this period of international tension, the smallest spark, ignited in the most remote place of the world, might well be the beginning of a worldwide conflagration. It is my firm conviction that during these uneasy times we should thank God that our Nation has the ability to produce a surplus of food. I say that because it is a blessing of the Lord that we do have a surplus of food and fiber. In the Communist empire, Russia, and in practically all countries behind the Iron Curtain, there is a shortage of food.

We may be in tight competition with those nations in winning the atomic armament race, but in the race for the production of food, the United States of America will cross the finish line first.

This is, of course, a great advantage to us in times of war. Certainly it must give the Communist leaders a great deal of satisfaction to see the legislators of this Nation giving serious consideration to a program which would undermine the economic stability of our farmers and threaten the favored position we now hold in world agricultural output.

I am confident that the Members of this august body will not be swayed by the current wave of ballyhoo. They will, I am sure, enact a program which will preserve the economic well-being of our farm families.

Our country has billions of dollars invested in materials for defense, such as guns, planes, and ships. No one in a responsible position would try to find a method to scuttle this program. We recognize that defense spending is a penalty imposed upon us by aggressive international communism. We bear that burden in that spirit, and we are glad to do so, when we must.

It has often been said that an army moves on its stomach. Food is an important element in the science of logistics. Food is an essential, and the ability to maintain and supply an army may determine the course of history, as it did when Napoleon invaded Russia.

The Government's investment in food and fiber is only a small fraction of the annual military budget. The establishment of a national food reserve is a sound fiscal policy. The cost of this reserve should not be charged against a farm program, nor should it be used to depress the price of farm products.

The national food reserve is as important to the economy and security and defense of this Nation as our national stockpiles of armaments and raw materials. Tampering with this balance is like participating in a game of Russian roulette where death is the only winner. Our food and fiber abundance is our security and our farm surplus a wise and frugal investment. There is no reason to panic ourselves into a depression or even a serious farm recession by allowing the Agricultural Act of 1949 to become effective. There is a great danger in the willingness of some politicians to capitalize on the natural anxieties of the people. Those who would set one citizen against another by telling the consumer that high food prices are the result of high farm supports are, indeed, playing a dangerous game in which all of us would be the losers.

The truth is, all of our citizens have a vital stake in a healthy farm economy. The worker will not be fooled by the slogans of the flexible-support program advocates. He is well aware of the impact of the farmer-purchaser on the industrial economy. The taxpayers of this country will gladly see millions of their tax dollars allocated to the preservation of a healthy agricultural economy. If we can afford to spend $12 billion of our taxes to support a foreign-aid program, we can certainly afford millions of dollars to promote the economic interest of our own farmers. Those who would pit the city dweller against the farmer grossly underestimate the intelligence of both. City and farm families are well aware that they are partners in the future of America, and this awareness, bred in an era of black depression, will stand the test of the merchants of the catch phrase campaign to divide them.

I am deeply hurt when I see charts like those which have been placed on our desks. The only reason for putting out such charts is to divide the people of the Nation.

I should like to call attention to what is happening by showing how farm values have gone down. The value of farm assets has continuously gone down since 1952. Referring to a chart issued by the United States Department of Agriculture, I note that the value of United States farm exports of various commodities since 1952 has dropped sharply, especially exports of wheat, tobacco, and cotton.

In 1952 the value of cotton exports was approximately $1,300,000,000, and it has dropped to about $700 million. As shown here, exports of tobacco and wheat have also dropped considerably.

Another chart shows the quantity of food 1 hour of factory labor will buy. In 1929, 1 hour of labor would buy 6.4 loaves of bread; in 1939, 8 loaves; in 1954, 10.6 loaves. In 1929, 1 hour of factory labor would buy 7.8 pints of milk; in 1939, 10.4 pints; and in 1954, 16.2 pints.

Here is a chart showing farm operators' realized net income from their purchasing power. The purchasing power of the farmer from 1935 to 1939 was only about $6 billion. We notice again that the realized net income has fallen sharply.

These tables show that the cost to the farmer for the things he has had to buy during the past several years, especially during the last 3 years, has continuously gone up, but his purchasing power has continuously gone down because his net farm income has been cut.

One of the main arguments of the supporters of the administration's flexible price-support program is that it would discourage production and help remove the surplus problem. I am sure that Members on both sides of the aisle are of sufficient age and wisdom to remember the common characteristics of farm depressions. When surpluses develop and the consumer does not have sufficient capital to purchase them, market prices weaken and farmers, unless provided with a program by which they can be protected, are forced to offset lower prices by increasing production. This, of course, is done in desperation, and not only weakens agriculture's economic position, but carries over and damages the national economy as a whole.

I give a concrete illustration. Some of us remember back to 1907. I was a little country boy then. I remember what my father did when there were no supports. I remember how he planted. We were working on the farm. He increased his acreage at least 25 percent to try to make enough to feed and clothe the family at that time. That is generally true of farmers. If the price is cut down, they grow more in order to make enough money to make a living on the farm.

Do not think for a minute there are not many farmers who are right on the verge of not earning enough on the farm to make a decent living. There are a great many of them who do not have a sufficient amount even to buy shoes. We hear talk about people not wearing shoes in certain sections of the Nation. There was a good reason for that at one time. It was because they did not have any price supports. Prior to that time, the farmers did not make sufficient to supply their children with shoes.

That was prior to 1932. I do not want those times ever to come back in the United States. I am one who saw the conditions too plainly with my own eyes ever to let them come again.

As we all know, when we have a large surplus a problem arises. The only way we can remedy that is by giving higher parities and by having strict acreage controls, and that is what is proposed in the committee bill we have before us.

This is necessary at this time to prevent and to stave off a depression. A recession is already under way among the farmers of the Nation. I am warning the Senate that unless we stop the recession, we will have a depression on the farm.

Mr. President, we are already witnessing the results of the cut in support level of milk production from 90 percent to 75 percent of parity on April 1 of this year. What is that result? The result is that not only has milk production not been reduced but it has increased 4 to 5 percent above levels of a year ago—this in spite of lower prices.

Testimony before the Senate Committee on Agriculture, of which I am a member, indicates that with all farm products in ample supply farmers would naturally maintain or increase their production to protect their income in the fact of lower prices. The only evidence before the Senate Agriculture Committee in support of the thesis that flexible price supports would reduce production is a statement by the Secretary of Agriculture that certain studies—we are

becoming accustomed these days to studies rather than facts—showed that a 10-percent reduction in the price of a farm product would mean 2 percent less production of that product the following year. The reliability of that statement should be gaged to a statement made by that very same Secretary of Agriculture in Eau Claire, Wis., September 19, 1953, when he said:

> I have not become Secretary of Agriculture of the United States to sit idly by wringing my hands and let the farmer be squeezed by lower farm prices and high fixed costs.

Farmers must have a certain amount of money in order for them to hang onto their farms, to meet their fixed minimum production costs, and to maintain a living for themselves and their families. If a farmer cannot hang onto his farm and meet his production and living costs with the prices received for the products he is producing, his only alternative is to increase his production. When a farmer raising cotton or tobacco is unable to meet such fixed expenses as fertilizer, equipment, lights, taxes, fuel, and others with the production of cotton and tobacco priced at 90 percent of parity, what will he do if the price of cotton or tobacco is lowered to 80 percent of parity, as proposed by the amendment of the Senator from Vermont, or to 75 percent of parity, which would be the law if we passed no legislation?

His fixed expenses, his permanent overhead, will not decrease. He can only increase production of his cotton or tobacco crop to try to compensate for the reduced price. The principle of diminishing returns means nothing to the farmer who cannot meet his creditors. An increase in production seems far more logical to him than a bank foreclosure.

There is another danger inherent in a farm depression. The young folks will not stay on the farm. They want to go to the city, where they will not be faced with such uncontrollable factors as the wind, the weather, and the United States Department of Agriculture as it is presently administered. The farm population of the United States is on the decline, and the average age of farm operators is increasing. A further loss of farmers, skilled and trained in agricultural production, could be disastrous. Whom and what will we have to run our farms if and when we are faced with another emergency? Can the banks run a farm? I have yet to see a banker raise a single bale of cotton or a hogshead of tobacco. Skilled and trained manpower for agricultural production cannot be created overnight. We certainly cannot afford to lose this farm reserve.

There is something else which I think should be called to the attention of the people. A great hue and cry has been raised about how much it is costing the people of the United States to maintain high parities. Over the past 21 years the six basic commodities about which we are speaking at present—corn, cotton, peanuts, rice, tobacco, and wheat—which are under the 90-percent parity price support, cost the people of the United States $130 million. That is all it has cost to keep the parity price in effect on those commodities. It is less than one-tenth of the amount provided in the foreign-aid bill this year for the Indochina situation. The United States will spend 10 times as much in 1 year in Indochina as has been spent for price supports on the 6 basic commodities for 21 years. Let that sink in.

Also, $130 million is approximately one-half the amount of subsidy which the newspapers of the United States have received from the Federal Government each year. For the support of basic commodities, farmers, for 21 years, have received $130 million; the newspapers, for 1 year, have received $240 million. The Post Office has been incurring a deficit every year in the handling of second-class mail matter. But still there is the great cry, "Subsidy."

What is better than to have surplus commodities on hand for any emergency which might arise in the United States?

I should like to close by going on record unequivocally in favor of Senate bill 3052, which is the bill reported by the committee of which I am a member. The vote in the committee to report the bill was 8 to 7. But the circumstances of reporting the bill were peculiar. The chairman of the committee reported the bill, although at the same time he is against the bill. The chairman of the committee reported the bill with a report signed by him, which I hold in my hand. That report, signed by him, contains the figure of $130 million, which I have just read.

Yes, the committee bill provides for the guaranty of 90 percent of parity for the basic commodities produced by American farmers. This, to my mind, is the minimum standard which Congress should guarantee the farm operators, who play such a vital role in the American economy. I, for one, do not propose to break faith with the loyal farm families of our great land by subjecting them to an agricultural program which guarantees them 1 percentage point less than 90 percent. I shall never favor flexible supports if they are to be accomplished by placing the farmers on the rack of political expediency. No; I shall not leave the farmers when they are in need. I want them to receive parity when they need it most, and when it means, or will mean, so much, not only to the farmers, but to the economy of all the American people.

Mr. GILLETTE. Mr. President, I have not been in attendance during all of the debate, but I have been here most of the time. Naturally, as a Senator from one of the greatest agricultural States in the Union, if not the greatest, I have been tremendously interested in the discussion.

I have asked recognition for the purpose of presenting a somewhat technical matter briefly, but before presenting it, I wish to comment, in a general way, on the debate which has taken place, in which I have just stated that I have more than an academic interest.

Twenty-two years ago, this month, I became a candidate for membership in the House of Representatives from the district in Iowa in which I live. I was elected, and at the completion of this year I will have served 18 years in Congress.

During every one of the years I have been in Congress, I have heard the farm debate, the debate on the farm problem. Most of the time the arguments have followed along similar channels, but the problem is still unsolved.

At the time I came to Washington 22 years ago, the farming industry was prostrate. Not only that, but the economy of the United States was at one of the lowest ebbs in the Nation's history. I have just listened to our able colleague, the distinguished junior Senator from South Carolina [Mr. JOHNSTON], discuss that period. He spoke of the fact that cotton at that time sold for 5 or 6 cents a pound. I remember very well that during my first campaign wheat was selling at 25 cents a bushel, and was being burned because of there being no market. Corn was selling for between 8 and 10 cents a bushel. I had a neighbor at that time who hauled 50 bushels of corn to the elevator 2 months later, in November, at the time of the election, and it did not bring him enough to buy a pair of shoes for his boy.

When I came to Washington to attend the emergency session of Congress in March 1933, some of the industrialists and financiers, who are now presuming to advise the farm industry on the exorbitance of the demands of the industry, were walking up and down the corridors of the Capitol with tears in their eyes—not figurative tears, but actual tears—and saying, "For heaven's sake, do something. The country is on the rocks."

I have no intention of discussing the causes of that particular depression. There are differences of opinion, and undoubtedly many factors are involved. But every economist agrees that one of the principal factors was the thought of the financial interests, and of the Government some months before, that it was necessary to deflate the farm industry and curtail credit through governmental agencies at that time.

With the collapse of the farming industry, there followed in rapid succession the various changes that brought on the tremendous depression in which the country found itself in 1932 and 1933. However, it was recognized even then that one of the first necessities, and a basic objective to be accomplished, was some measure of stability to the farming industry.

Then there ensued debate as to whether there was overproduction or underconsumption. In those early days the debate took the line, Has this condition arisen because of overproduction or because of underconsumption? There developed three schools of thought on how to meet the situation, some of which, or perhaps all of which, exist today among a number of adherents.

The so-called production-control school said we are producing too much,

and that we must immediately take steps to curtail production. The former great Iowan, Secretary Wallace, belonged to that school. There followed legislation based on the general idea, which has been repeatedly referred to, of the slaughtering of little pigs and the plowing under of every third or fourth acre of cotton—known as production control. The first Agricultural Adjustment Act was based on the principles of that production-control school.

As a Member of the House of Representatives, I voted against the Agricultural Adjustment Act, and thereby brought much condemnation upon myself, because I believed the act was unconstitutional. The Supreme Court later, by a vote of 6 to 3, declared the act to be unconstitutional, because it flew in the face of the historical record that the production of food was basic in every civilized community. Laws had been put on the statute books in the Empires of Greece and Rome, and there exist laws on the statute books of many of the States of the Union at the present time, making it a criminal offense to cut down the production of food. The reason for that is that everyone knows that all wealth, with the exception of the limited amount that comes from the mines, is produced from the food and fiber on the farms that are distributed and procesed until they reach the ultimate consumer. The idea that conditions can be corrected by destroying the very basis on which all wealth is predicated is out of the question. The principles of the production-control school were not sound.

Then followed the legislative idea, in order to meet the Supreme Court objection, that farmers should not be paid for not producing, but that farmers would be paid for certain soil-conservation practices, which met the Supreme Court objection, but was still based on the principle of production control.

There was another school of thought besides the production control advocates, and that was the school of surplus control. Let me use a very simple illustration. The problem is not so complicated and so intricate as might appear from the extended debate which has taken place, and which will continue to take place, although every word that has been spoken is of great interest. That school believes if 100 cows are produced in a certain county, and there is a market only for 90 cows, there are 10 cows too many. The production control school said, "Cut down your production to 90 cows."

It must be remembered, as I said before, that if that wealth is not produced this year, the wealth produced next year will not take its place. The wealth which is not produced is forever lost to the world. So the surplus control school said, "Let the farmers produce without limit all they can produce, because that is wealth, but take the 10 extra cows off the market by some device."

The principle of the surplus control school, with certain limitations, changes, and deviations, are the principles we are following at the present time.

There was a third school that said, "If there is produced all that the farmers can produce under ordinary practices, and the production is gotten to the consumers who need it, then there will be no overproduction and no underconsumption. The problem is one of distribution." I may interpolate at this point and say I belong to that school.

When I first came to Washington, which was in 1933, wheat was selling for 25 cents a bushel, and the farmers were burning it. I was a farmer at that time, and there was no market for the hogs on my farm. At the same time there were people in breadlines, who were being fed at public expense, and who needed the food that was being destroyed. It was a problem of distribution.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield for a question?

Mr. GILLETTE. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Is it not true that as a result of those three different schools of thought there resulted the bill presently being considered? There are provided in the bill set-asides, parities, and also reasonable acreage control, in order that there may be produced a certain surplus which persons may need. The bill takes into consideration all the factors which have been mentioned by the Senator from Iowa, does it not?

Mr. GILLETTE. The Senator from South Carolina is eminently correct.

Mr. President, I am not going to discuss this subject at length, except to say that I belong to that school which believes that by developing new markets at home and abroad, and by eliminating unnecessary impediments and roadblocks to distribution, we can adjust the problem immeasurably, if not completely.

I advert again to the statement I made previously, that when we prevent the production of food we prevent the creation of new wealth that we must have. Every product, except, of course, forest and mineral products, encompasses three factors: the cost of the raw material, food, or fiber, the cost of processing, handling, boxing, and transporting, and the cost of the middleman between the producer and the consumer. Every time there is a rise in the cost of such products to the consumers, immediately it is said that the farmer is getting the increase. If the price of butter rises, or if the price of bread rises, it is asserted that the farmer is getting the increase in the way of price supports. The other two factors which are just as essential and necessary in the cost of the product are forgotten.

I did not intend to make these general remarks, but I shall make just one more before I proceed to my prepared manuscript, and that has to do with the question of parity. After the soil conservation acts were enacted, someone conceived the idea that the farmer's income should be placed in a fair relationship to the prices he must pay—in other words, a fair relationship between his income and his expenditures. At first they took what they considered a fair period for the base relationship, and said, "Let X equal the farmer's income, and let Y equal what the farmer has to buy." Then they developed the equation that X should equal Y; and that is parity. Every high-school student who has studied algebra knows that X should equal Y. That was the first concept of parity. On the other hand, Mr. President, X minus 10 or minus 20 or minus 25 does not equal Y. In this discussion, some say the support for X is too high, but they make no suggestion that the other side of the equation be lowered, so that X minus 10 will equal Y minus 10.

Mr. President, of course the farmers are disturbed, for their purchasing power has appreciably decreased. They fear that if the present law, which provides for X minus 25, on the first of next January, goes into effect without any commensurate relief on the Y side of the equation, they will be in great difficulty. So they are tremendously worried. The eminent Senators who are presenting this matter today, recognize it when they say, "Oh, well the law says X minus 25, but we would be satisfied with X minus 17½ or X minus 20 or X minus 4$^{17}/_{18}$s." Mr. President, that is poppycock. It is simply a recognition of a condition which exists throughout our farming population today, and every economist who has studied any political economy knows that a depressed condition in the Nation's industries almost at once follows a loss of purchasing power by the farmers.

So, Mr. President, I wish to emphasize that in all this discussion, all those who are supporting a lowering of the value of X, absolutely ignore the other side of the equation, and wish to leave the farmer with decreased purchasing power, but at the same time compel him to pay the prices he has been paying in the period when there has been a parity ratio of X equals Y.

Mr. President, so much for that general discussion.

The Secretary of Agriculture has been going back and forth across this Nation, ringing out the alarm over the size of our farm surpluses. He has gone to great lengths to denounce the cost to the taxpayer for paying storage charges for these surpluses.

These surpluses are considerable, and we all worry about them. But they are not so colossal that they could not be swiftly consumed if the 1950's prove to be another drought decade like the 1930's, or if war comes. In the case of emergency, these surpluses will stand us in good stead.

As for the costs of storage, they, too, are considerable. The Secretary has been stressing the annual, daily, and even minute-by-minute charges which the Government must pay on CCC-owned stocks.

I wish today to bring to the attention of the Senate a little-known fact that

may help explain why the charges for storing surpluses are so high. I intend to cite facts which I believe will show that by his own actions, or those of his duly authorized subordinates, the present Secretary of Agriculture has made—inadvertently probably—a major contribution to increased costs of storing Government-held surpluses. This has been accomplished by simply raising the fees under uniform grain storage contracts which the department signs with warehousemen for storing CCC stocks.

The study I have made of this situation reveals that a part of the storage costs about which the Secretary complains so bitterly is his own handiwork, and that the supposedly shrewd business administrators now in charge of our farm program are either poor negotiators too closely linked with commercial interests, or are infected by the giveaway virus now epidemic here in Washington.

On March 31, of this year, the Department of Agriculture issued a new uniform grain-storage contract and schedule of rates, which will cost the Government millions of dollars every year in extra storage charges.

This contract and schedule of rates provides increases in storage fees, an annual anniversary service fee, a revision of protein tolerance from one-tenth to three-tenths of one percent, and numerous other new concessions to the warehousing industry.

The uniform grain-storage contract sets out the conditions under which Commodity Credit Corporation grains are stored by private warehousemen. Publication in full of the 1952 and 1954 contracts in the RECORD does not seem to me necessary. I have those texts here, and copies can be obtained from the Department.

All that Senators need to do to understand this situation is to look at the 1952 and 1954 schedules of rates, which I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks.

There being no objection, the schedules were ordered to be printed in the RECORD, as follows:

Schedule of rates—1952 supplement to Uniform Grain Storage Agreement No. —

(All grain to be fully insured at warehouseman's expense)

(All charges on bushel basis)

Subject to the provisions of section 21 of the Uniform Grain Storage Agreement, this supplement shall become effective as of the 1952 annual renewal date of the above numbered agreement and supersedes all previous schedule of rates as of such date and shall continue in effect thereafter until superseded.

GRAIN RECEIVED BY TRUCK

Commodity	Areas	Receiving, insuring, conditioning and storing for 1st 10 days	Storing, insuring, conditioning, and all other charges after 1st 10 days for remainder of the annual period and each succeeding annual period [1] (in cents per diem)	Loading out
		Cents		*Cents*
Oats	All	3	180 days at 1/30; balance annual period 1/40	½
Corn:				
Commingled	do	4	150 days at 1/20; balance annual period 1/40	½
Identity preserved	do	4	1/30 per diem	½
Barley:				
Commingled	do	5	150 days at 1/20; balance annual period 1/40	½
Identity preserved	do	5	1/30 per diem	½
Flax:				
Commingled	do	6½	210 days at 1/20; balance annual period 1/30	¾
Identity preserved	do	6½	1/25 per diem	¾
Wheat and all other grain	I [2]	6	90 days at 1/20; balance annual period 1/30	½
	II [3]	6	120 days at 1/20; balance annual period 1/30	½
	III [4]	6½	150 days at 1/20; balance annual period 1/30	½
	IV [5]	7½	180 days at 1/20; balance annual period 1/30	½

GRAIN RECEIVED BY RAIL OR WATER

Commodity	Areas	Receiving charges	Storing, insuring, conditioning and all other charges for each annual period (in cents per diem)	Loading out
		Cents		*Cents*
Oats	All	1½	First 180 days at 1/30; next 185 days at 1/40	¾
Corn:				
Commingled	do	1½	First 150 days at 1/20; next 215 days at 1/40	¾
Identity preserved	do	1½	1/30 per diem	¾
Barley:				
Commingled	do	1½	First 150 days at 1/20; next 215 days at 1/40	¾
Identity preserved	do	1½	1/30 per diem	¾
Flax:				
Commingled	do	2	First 210 days at 1/20; next 155 days at 1/30	¾
Identity preserved	do	2	1/25 per diem	¾
Wheat and all other grain	I [2]	1½	First 90 days at 1/20; next 275 days at 1/30	¾
	II [3]	1½	First 120 days at 1/20; next 245 days at 1/30	¾
	III [4]	1½	First 150 days at 1/20; next 215 days at 1/30	¾
	IV [5]	1½	First 180 days at 1/20; next 185 days at 1/30	¾

[1] Annual period begins on the date of the warehouse receipt.
[2] Area I includes Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.
[3] Area II includes Minnesota, Montana, North Dakota, South Dakota, also Superior, Wisconsin.
[4] Area III includes Colorado, Illinois, Iowa, Kansas, Missouri, Nebraska, Wyoming, Wisconsin, except Superior.
[5] Area IV includes all States not listed in areas I, II, and III above.

NOTE.—Charges on flax shall be computed on a gross bushel basis.
Direct transfer 1½ cents per bushel.
Add customary port authority or mandatory charges where grain is received at port locations.

In accordance with sec. 18 (b) of the above-numbered agreement, in those cases where prepayment of charges has not been made by the producer the amount of the provisional payment with respect to each kind of grain owned by Commodity shall be an amount not to exceed the receiving charge plus the first 120 days' storage charges at the rates set out above. In the event prepayment of storage charges has been made by the producer, the amount of the provisional payment shall not exceed the amount of receiving charges indicated above.

COMMODITY CREDIT CORPORATION,

By _____
(Title)

Accepted:

_____
(Date)

_____
(Warehouseman)

By _____

Schedule of rates—1954 supplement to Uniform Grain Storage Agreement No. —

(All grain to be fully insured at warehouseman's expense)

(All charges on bushel basis)

Subject to the provisions of sec. 21 of the Uniform Grain Storage Agreement, this supplement shall become effective as of the 1954 renewal date of the above-numbered agreement and supersedes all previous schedules of rates as of such date and shall continue in effect thereafter until superseded.

Commodity	Areas	Grain received by truck			Grain received by rail or water		
		Receiving, insuring, conditioning and storing for 1st 10 days (cents)	Storing, insuring, conditioning, and all other charges after 1st 10 days for remainder of the annual period and each succeeding annual period (in cents per diem)	Loading out (cents)	Receiving charges (cents)	Storing, insuring, conditioning, and all other charges for each annual period (in cents per diem)	Loading out (cents)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Oats	All	3	240 days at 1/30; balance annual period 1/40	½	1½	First 240 days at 1/30; next 125 days at 1/40	¾
Corn:							
Commingled	do	4	210 days at 1/20; balance annual period 1/30	½	1½	First 210 days at 1/20; next 155 days at 1/30	¾
Identity preserved	do	4	1/25 per diem	½	1½	1/25 per diem	¾
Barley:							
Commingled	do	5	210 days at 1/20; balance annual period 1/30	½	1½	First 210 days at 1/20; next 155 days at 1/30	¾
Identity preserved	do	5	1/25 per diem	½	1½	1/25 per diem	¾
Flax:							
Commingled	do	6½	270 days at 1/20; balance annual period 1/30	¾	2	First 270 days at 1/20; next 95 days at 1/30	¾
Identity preserved	do	6½	1/23 per diem	¾	2	1/23 per diem	¾
Wheat and all other grain	I	6	150 days at 1/20; balance annual period 1/30	½	1½	First 150 days at 1/20; next 215 days at 1/30	¾
	II	6	180 days at 1/20; balance annual period 1/30	½	1½	First 180 days at 1/20; next 185 days at 1/30	¾
	III	6½	210 days at 1/20; balance annual period 1/30	½	1½	First 210 days at 1/20; next 155 days at 1/30	¾
	IV	7½	240 days at 1/20; balance annual period 1/30	½	1½	First 240 days at 1/20; next 125 days at 1/30	¾
	V	7½	260 days at 1/20; balance annual period 1/30	½	1½	First 260 days at 1/20; next 105 days at 1/30	¾

Listed below are the States included in each area referenced in col. (2):

Area I: Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.

Area II: Minnesota, Montana, North Dakota, South Dakota (also Superior, Wis.).

Area III: Colorado, Illinois, Iowa, Kansas, Missouri, Nebraska, Wyoming, Wisconsin (except Superior).

Area IV: Arkansas, Connecticut, Delaware, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia.

Area V: Alabama, Florida, Georgia, Mississipi, North Carolina, South Carolina, Tennessee.

NOTE.—Charges on flax shall be computed on a gross bushel basis.

In accordance with sec. 18 (b) of the above-numbered agreement, in those cases where prepayment of charges has not been made by the producer the amount of the provisional payment with respect to each kind of grain owned by Commodity shall be an amount not to exceed the receiving charge plus the 1st 120 days storage charges at the rates set out above. In the event prepayment of storage charges has been made by the producer, the amount of the provisional payment shall not exceed the amount of receiving charges indicated above.

The annual periods referenced in cols. (4) and (7) of the above schedule are the periods beginning on the date the grain was deposited in the warehouse, or became subject to the terms of the agreement in store, and on each anniversary of such date that the grain remains in store. In the case of grain in store on the effective date of the above schedule of rates (1954 renewal date of the agreement), the rates set out in the above schedule shall apply, as of such effective date, beginning at the point in the rate structure which would have been reached during the current annual period if the above schedule had been in effect from the date of deposit of the grain.

The following additional rates shall apply:

1. A service charge, in the amount of the applicable receiving charge col. (6) on grain received by rail or water and in the amount of ½ of the applicable receiving charge col. (3) on grain received by truck, shall accrue as of each anniversary of the date of deposit falling after the 1954 renewal date (May 31 or June 30), and shall be payable with other charges in accordance with sec. 18 of the agreement.
2. Direct transfer 2¼ cents per bushel.
3. Customary port authority or mandatory charges where grain is received at port location.

Accepted:

_____
(Date)

_____
(Warehouseman)

By _____

COMMODITY CREDIT CORPORATION,

By _____

_____
(Title)

Mr. GILLETTE. Mr. President, in a reasonable time, it is impossible to ascertain all the changes in rates which have been made in the 1954 schedule in favor of the warehousing industry. These schedules cover oats, corn, barley, flax, wheat, and other grains. There are 5 categories of grains, and under the fifth category—wheat and other grains—there are rates for 5 different regions.

I shall merely compare them in a general way, and then shall give 1 or 2 specific examples, to describe the measure of the differences.

The Commodity Credit Corporation pays the warehouseman a flat fee of a few cents a bushel for "in" charges—that is, charges for receiving, insuring, conditioning, and storing the grain for the first 10 days.

The CCC pays 3 cents a bushel in the case of oats, and from 6 to 7½ cents a bushel in the case of wheat received from trucks. If the grain comes by rail or boat, the "in" fee runs 1½ cents a bushel for all grains, except flax, on which the fee is 2 cents.

Also, there is a loading "out" charge, which is one-half cent a bushel on grains received by truck, and three-fourths cent on grains received by rail or boat.

In addition to these "in" and "out" charges, the CCC pays a daily storage fee, after the first 10 days, which is calculated in infinitesimal sums—twentieths, twenty-fifths, thirtieths, and fortieths of a cent a bushel a day.

Under the old schedules, the CCC paid one-thirtieth of a cent a day for storage of oats for the first 180 days of a given year, and a one-fortieth of a cent a day for the balance of the year.

In the Middle West region, the storage charge on wheat used to be one-twentieth of a cent a bushel a day for the first 90 days, and one-thirtieth of a cent a day for the balance of the year.

What the Department of Agriculture has done in the new 1954 uniform storage contract is to increase by 60 days the length of each of the initial periods on which the higher rate is paid.

Thus, over the initial period the CCC must pay, in the case of wheat, 1 cent more a bushel a year in storage fees.

In the case of corn, the storage fee is increased by almost 3 cents a bushel a year. The exact figures are an increase from 12⅝ cents a bushel a year to 15⅓ cents a bushel—an increase of 2 17/24 cents a bushel a year.

Mr. President, I admit that these figures are difficult to follow, when I am discussing fractions in perhaps somewhat the detail that the eminent Senators who are the proponents of the pending bill are required to discuss them, in connection with their attempts to determine parity. But, although 2 17/24 cents a bushels sounds like a small amount, yet when it is figured, as I shall later figure it, on the basis of the amounts of grain in storage, the total runs into the billions of dollars.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Iowa yield to me?

Mr. GILLETTE. I yield.

Mr. JOHNSTON of South Carolina. I know the Senator from Iowa will concede that all these commodities come out of the land.

Mr. GILLETTE. Certainly.

Mr. JOHNSTON of South Carolina. I have before me a table showing the changes in the dollar value of farm land from March 1952 to March 1954. For

the United States as a whole, the average for all the States is a decrease of 6 percent. In studying the table, I notice that South Carolina's rate is the same as the average, or a decrease of 6 percent.

In the case of Texas, the decrease is 7 percent. In the case of New York, the decrease is 6 percent; California, 6 percent; Arizona, 9 percent; New Mexico, 9 percent; Oklahoma, 8 percent; Colorado, 10 percent—that much of a decrease in the value of farmland.

Is not that situation brought about by the fact that those who are living on the farms cannot make anything out of their farms?

Mr. GILLETTE. The Senator is, of course, correct, because the price of farm land must be based on its productive value, on the return it yields. That brings to mind—and I do not intend to advert further to the historical record to which I referred a little while ago—that when the destruction of the farm income had reached a point where thousands and thousands and thousands of our farms were foreclosed, and people lost the savings of their lifetime.

I may say, Mr. President, in further response to the able Senator from South Carolina, that in my office in Iowa at that time I saw more tears shed by men and women, who had lost everything they had in the world through the foreclosures of their farms, than I have seen in all the rest of my life.

It even went to the point, as some of the older Members will remember, that in my then district a judge who was signing decrees of foreclosure on the part of the mortgage holders was taken from the bench by irate farmers—normally law-abiding citizens—carried up the road, and a rope put around his neck and thrown over a tree, with the threat to hang him if he refused to agree not to sign another decree of foreclosure.

Mr. JOHNSTON of South Carolina. When we have the reduction in the price of farm lands and also the great reduction in the price of commodities sold from the farm at the same time, is there not great danger that something like that may happen again?

Mr. GILLETTE. Heaven forbid that it shall ever happen again. But the minute a capital investment in farmland fails to produce a reasonable return, the price of the farm, the value of the farm, is depreciated—there can be no question about that—and if that process shall continue, the end to which the able Senator has alluded will be right ahead of us.

Mr. JOHNSTON of South Carolina. I should like to call the Senator's attention to the fact that these are not my figures. They are figures set forth by the United States Department of Agriculture of the present administration. I have stated facts published by the Agricultural Research Service of the Department of Agriculture of the United States.

Mr. THYE. Mr. President, would the Senator yield?

Mr. GILLETTE. I am glad to yield to the able Senator from Minnesota.

Mr. THYE. Mr. President, I have been following the remarks of the distinguished Senator from Iowa very closely. Minnesota lies right to the north of Iowa, and conditions existing in Iowa and conditions existing in southern Minnesota are always very similar. The financial situation of the farmers of the two areas in the late twenties and early thirties was identical. The same situation prevails in southern Minnesota that is found in northern Iowa.

I recall very distinctly the financial plight of the farmer and how it was reflected in the towns. The difficulties with which the farmer was faced were multiplied in the towns because the merchants were carrying the credit load, not only of one farmer but of all the farmers in the community.

When the farmers were unable to pay their obligations, the merchant, whether he was a druggist or grocery-store operator or was in the clothing business, the implement dealer, the owner of the elevator, the lumberyards, and the banks were in financial distress.

The banking department had ordered all the banks to liquidate their real-estate loans.

Mr. GILLETTE. That is true.

Mr. THYE. If the Senator will permit me to make a parenthetical statement, I appraised property for the Federal land banks for a few years during that era, and I went into many communities with applications for loans. I visited the farm, made the determination of what the value was, and what recommendations would be submitted so far as a loan was concerned. Then I went into town and checked with all the merchants whom the farmer or the applicant had listed as creditors. When the loan was granted it invariably included a sufficient sum of money to cover what was needed to protect the real estate and also to pay the farmer's obligations in town in order that he could start out with a clean slate, so to speak, creditwise, and have all of his obligations embodied in that one real-estate mortgage.

There were types of loan applications calling for loans in excess of what would be a safe land-bank loan. In such instances Commissioner's loans, for which Congress appropriated funds, and authorized them to be used as second mortgages behind the land-bank loans, were permitted. It was that type of credit opportunity which not only saved the farm for the farmer but it likewise protected the local banker by permitting him to avoid undertaking the kind of land mortgage which the banking commissioners and the banking departments, both State and Federal, did not permit the bank to carry.

Referring to the accurate description of what took place in the community where a judge was threatened with lynching, conditions in the farming communities had become that difficult before the seriousness of the situation was generally recognized or believed. It had to become that critical before, finally, Members of Congress recognized it and provided what were known as Commissioner's loans, with Federal funds to supplement or to strengthen the land-bank organization in order that the land banks could grant the loans and the excessive loan applications could be taken care of by a second mortgage which was called a land-bank mortgage.

Mr. President, the situation today has the same danger signals. That is the only reason why I have broken, so to speak, with the Secretary of Agriculture and the reason I find myself in the embarrassing position of being opposed to the administration and to the President of the United States.

All one has to do is to examine the indebtedness figures recorded in the statisticians' office to see the beginnings of what I saw in the late twenties and early thirties. The farm-mortgage debt in 1945, which was the lowest in the 40-year period from 1914 to the present, was $4,760,000,000. Here is the significant danger signal. That debt has risen every year since 1945, until today it stands at an estimated $7,800,000,000, an increase of 63 percent in 8 years. Those figures represent real-estate mortgages. The short-term indebtedness, which are short-term bank loans or production credits, likewise has more than doubled.

Anyone who is at all mindful of what we were faced with in the early thirties and who recognizes this trend in agricultural indebtedness, and then does not take heed, is not thinking as correctly as I would like to see him think. I have found myself in the embarrassing position of having long-distance calls from some of the most able and distinguished businessmen in Minnesota, saying they are disappointed in me and cannot understand my action, I remind them of the financial plight the farmer is faced with and tell them of the reasons for the position I have taken, as I have indicated them here.

I have no personal feeling of animosity toward the Secretary of Agriculture. I have the greatest respect for him, and the highest regard for him personally. But I differ with him economically on the farm question, and I differ likewise with the administration spokesmen on the Senate floor.

I shall have to differ with them because I cannot forget, because the memory is so clear in my mind, of the very facts which the able and distinguished Senator from Iowa has narrated, and I still have a mental picture of the mob groups that met. There was a mob group that met at Farmington, Minn., about 100 miles north of the Iowa border. They met because prices of milk were less than $1 a hundred, and a 200-pound pig would not bring $5 at South St. Paul. They could not pay their taxes. They could not pay their interest. They could not take care of medical bills. They could not continue to live under such circumstances. They met to try to do something to raise the price of milk. They met as a group with a determination to hold milk off the Twin Cities market, even to the extent of dumping it and blockading highways. We had to meet with them. I was one who discouraged that action. There were others who discouraged it.

I will frankly say that the young county attorney of Dakota County did more than anybody else to convince those farmers that such mob action would lead only to imprisonment and embarrassment to their families, as well as financial loss, by dumping their milk. That young Dakota County attorney was

none other than Harold Stassen. He told that group of farmers standing there with clenched fists, "If you dump milk, if you block highways, if you bring about bloodshed, I, as county attorney, shall have to prosecute you even though I have full sympathy with your action."

As the old Chinese proverb says, "Look back that you may have the wisdom to intelligently look forward."

I look back to yesterday, and fully understand and realize that the same trends are occurring in the farm economy today as occurred in the late 1920's and early 1930's. I will take heed and try to be governed in my action and conduct so that we may do better in solving these problems than we did in those days.

I thank the able and distinguished Senator for yielding to me.

Mr. GILLETTE. Mr. President, I am very appreciative of the statement just made by the distinguished Senator from Minnesota. The Senator need not apologize for or feel embarrassed by the position he is taking today. No one who lived through those days can fail to remember them as the most unpleasant and dangerous period of his life, for everything we Americans hold dear.

At the same time, I cannot understand how men who are criticizing the Senator, men who are at all conversant with those conditions, can forget. That is inexplicable to me. They forget those conditions, and they fail to recognize that a flashing yellow light today might possibly become the red light of a depression. I pray that it may not happen, but the signs are there. The yellow light is flashing.

The able Senator spoke of the terrible plight in which the farmers found themselves, which was reflected almost immediately in the stores and the offices in the small towns. It passed on from them, as everybody knows. The chain reaction started. The traveling man came in to sell his merchandise, and the merchant said, "The goods are on my shelves; I cannot sell them." The traveling man reported back to his jobber, and the jobber to the manufacturer, and the manufacturer said, "They are not taking the goods. The inventories are building up. We will have to lay off some men and close down some factories." Then the purchasing power of those men was taken away, diminishing the possibility of using the food and the fiber. Those terrible circumstances resulted in the abysmal destructive situation to which the Senator has alluded and to which I refer very briefly, which will remain a scar in the memory of every man who lived through it.

Going back to the text:

No charge has been made in rates for in-and-out handling which covers the first 10 days of storage.

But, at the bottom of the 1954 rate schedule, as a footnote, so to speak, appears a provision reading as follows:

A service charge, in the amount of the applicable receiving (in) charge column (6) on grain received by rail or water and in the amount of one-half of the applicable receiving charge column (3) on grain received by truck, shall accrue as of each anniversary of the date of deposit falling after the 1954 renewal (May 31 or June 30) and shall be payable with other charges in accordance with section 18 of the agreement.

I know this is complicated, but it is so complicated that it is important we know what this provides.

I am advised that no such annual service fee has been in any previous uniform grain storage agreement. I have not been informed of any new services which warehousemen are expected to provide in return for this added fee they are granted under the 1954 schedule.

The provision I have just quoted means that on the first day of the second year of storage of a bushel of wheat, those warehouses that have wheat which arrived by rail or barge will be paid an extra 1½ cents per bushel, over and above the regular fees, while those in the Middle West region that received it from trucks will be paid an additional 3¼ cents service fee.

This fee is not prorated over the year, it is paid on the anniversary date. Even if the grain is taken out one day after the end of a year—on the 366th day—the service fee is payable.

This increase in the fee—by a provision hidden in the footnotes—is considerably greater than the more obvious increase in annual storage charges which results from the device of extending the initial, high-rate storage period by 60 days.

In the case of corn, the added service fee will cost the Government an additional 1½ cents or 2½ cents per bushel per year, depending on origin.

This service fee is a birthday present worth several million dollars.

These two types of increases in the storage rate schedules will cost at least 2½ cents per bushel a year more on rail and barge wheat, from 4 cents to 4¾ cents per bushel on truck-received wheat, and at least 4$\frac{5}{24}$ cents per bushel per year on corn received by rail or barge. Remember, this is on each bushel of Government-owned corn or wheat stored by private warehouses.

I have seen no evidence to justify these new fees. They seem to be simply largess handed out to the warehousing industry by a friendly administration.

But these two types of rate increases are not the only concessions granted by the new Administrator to the warehousemen.

The provisions of the new contract itself are modified in several particulars to the advantage of the warehousemen.

While some of these concessions do not appear to be of major importance, I am not advised as to the full import of all of them. Under one of them there is a distinct possibility that the Government may be obliged to pay occupancy-guaranty charges on empty elevator space at the same time that it has millions of bushels of grain in commercial warehouses for which it is paying fees.

This provision says the CCC agrees not to discriminate against the warehousemen by loading grain out of a commercial warehouse and depositing it in warehouses constructed under the Government-occupancy guaranties.

Another provision requires warehousemen to have on hand at all times wheat which is fairly representative of the quality rather than the same quality of wheat which he is required ultimately to deliver to the CCC.

There is also more leniency about delivering fairly representative quality wheat. The warehouseman pays in cash for any minor differences in quality, so that is not of major importance.

Another provision permits an offset of cash required to pay for subquality deliveries against cash held for the warehousemen for extra-quality deliveries. This, too, appears of little consequence to the Government.

The warehousemen are relieved as guarantors and are held only to common law liability for quality deficiencies resulting from breakage of corn, soybeans or grain sorghums, or in the case of Food and Drug seizures of grain which meets the requirements of the agreement.

Also the CCC is required to obtain consent before buying commercial grain in storage in an elevator and adding it to the CCC's long-term storage in the elevator.

More important, there is a proviso increasing the protein tolerance of grain delivered to the CCC by the warehouse, from one-tenth of 1 percent to three-tenths of 1 percent.

This tolerance was reduced from one-half of 1 percent in 1940, to three-tenths of 1 percent in 1946, and on down to one-tenth of 1 percent in 1952, the last contract negotiated by the previous Secretary of Agriculture.

Now it has been raised again to where it was in 1946, apparently at the request of the warehousing industry.

In the case of wheat, premiums for 16 percent vary from year to year, depending on the supply of high-protein wheats, but requiring that they range from 40 to 50 cents per bushel in an average year.

A good, average estimate of the value of protein content, plus or minus, is 1 cent per point, a point being one-tenth of 1 percent.

Thus, two-tenths of 1 percent increase in tolerance can be worth in the neighborhood of 2 cents per bushel to the operator who makes the most of it.

I ask unanimous consent to have placed in the RECORD at this point a mimeographed memorandum, which has been supplied to me, to explain the changes in provisions between the 1952 and 1954 storage agreements.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

(Distribution limited)

UNITED STATES DEPARTMENT OF AGRICULTURE,
COMMODITY STABILIZATION SERVICE,
GRAIN DIVISION,
Washington, D. C., March 26, 1954.

To: Board of Directors, Commodity Credit Corporation.

From: Director.

Subject: Uniform storage agreement for grain, 1954 crop year, VCP, 154a.

The attached docket authorizes the continued use of the uniform grain-storage agreement, with certain modifications, and a revised schedule of rates to become effective with the 1954 crop year and remain in effect until superseded. Such modifications would be subject to approval by the Executive Vice President, CCC. The proposed

modifications which are substantive in nature are summarized below:

Section 5 of the agreement would be modified by adding a sentence at the end thereof providing for a limited period of storage if agreed to by CCC in writing. This provision may permit the use of some small warehouses for storage purposes which have in the past refused to make any space available for storage.

The present requirement in section 7 of the agreement that the warehouseman at all times maintain a stock of grain equal not only to the quantity, class, and grade, but also to the quality which he is obligated to deliver under the agreement, would be modified so that the warehouseman would not be in violation of the section if the stock of grain maintained was equal to the quantity, class, and grade and was fairly representative of the quality which he is required to deliver under the agreement. This modification takes into account the fact that quality factors within the numerical grades cannot always be kept at a constant level. It would not, of course, relieve the warehouseman of his obligation to deliver to CCC grain of the quality called for. The provision in this section obligating the warehouseman to maintain a stock of grain equal to the quantity, class, grade, and quality called for by all outstanding warehouse receipts (including receipts representing grain not subject to the agreement) would be modified by eliminating the word "quality." The elimination of quality as a factor in the determination of whether the warehouse is in balance is based upon the fact that, except under the agreement, the warehouseman's obligation to deliver stored grain is satisfied by the delivery of the grade called for by the warehouse receipts. Under the present wording of this section the warehouseman is required to keep all grain in the warehouse on which the warehouse receipts are issued except that grain not subject to the agreement may be held in other storage positions if provided for by State statute. Under the proposed modification, such grain could also be held in other positions if authorized either by statute or by the regulations of State supervisory bodies.

Section 10 of the agreement would be modified in a manner intended to streamline the procedure involved in the determination that grain is in danger of going out of condition, as well as in the disposition of such grain, and the determination of the extent of the warehouseman's liability with respect thereto. The proposed modification of this section also contains a new provision under which CCC would have the right to move grain into the warehouse to replace grain loaded out when determined by the warehouseman to be in danger of going out of condition.

Under section 11 of the agreement CCC presently would have the right, under certain circumstances, to reject any car of grain falling below the weighted average quality called for by the loading order, even though such car of grain was of the numerical grade called for. Under the proposed revision, such cars of grain would not be subject to rejection if they were fairly representative of the quality called for on the loading order. The warehouseman would still be liable for any market discount applicable to within grade quality differences. During recent discussions of this matter terminal warehousemen and the directors of the Commodity offices agreed that the strict right of rejection had not been exercised by CCC and that operation had been in accordance with the proposed modification. The warehousemen insisted that if such strict right of rejection were exercised by CCC they would be placed in an untenable position by virtue of the variance in quality factors of grain grown in different years and the necessity of rotating stocks in the warehouse in order to prevent deterioration of CCC grain on long-term storage.

Section 11 of the agreement would be further modified by increasing the protein tolerance from one-tenth of 1 percent to three-tenths of 1 percent. Under the original agreement issued in 1940 this tolerance was one-half of 1 percent; from 1946 to 1952 such tolerance was three-tenths of 1 percent; and since 1952 it has been one-tenth of 1 percent. In connection with this matter, the trade also takes the position that contemplated long-term storage of CCC wheat and the consequent necessity of rotating stocks makes it impossible for them to agree to continue use of the smaller protein tolerance.

The modification under section 11 contains new provisions relieving the warehouseman of liability as a guarantor and holding him to common law liability in the cases of quality deficiencies resulting from breakage of corn, soybeans, and grain sorghums and in the case of food and drug seizures of grain which meets the requirements of the agreement on the basis of the official grain standards.

Under section 13 of the agreement, premium (overdeliveries in quality by the warehouseman) are offset against discounts (under deliveries in quality) on the same kind of grain. Any excess of discounts over premiums is paid by the warehouseman to CCC in cash; any excess of premiums over discounts is dropped at the time of termination of the agreement. However, since 1950 discounts on sample grade grain (unless called for on the loading order) and on grain rejected as not fairly representative of the quality called for, have not been eligible for offset. As a result, warehousemen have been required to pay cash discounts, while accumulating unusable premium credits, even though the weighted average quality of the grain delivered over a period of time might be equal to or better than the average quality of the grain called for by the warehouse receipts. The proposed modification of this section would permit premiums to be applied against all discounts on the same kind of grain.

Two new subsections would be added to section 25 of the agreement. Subsection (b) would obligate CCC to obtain prior consent of the warehouseman before acquiring commercial grain in store in the warehouse except where such grain is being acquired for shipment. Terminal warehousemen have complained that where they have made available to the price-support program the maximum amount of space which they can spare and still carry on their normal merchandising and commercial storage activities it imposes an undue hardship for CCC to accept and convert to long-term storage, commercial grain from a depositor in exchange for CCC grain stored elsewhere.

Under subsection (c) CCC would agree not to discriminate against the warehouseman by loading grain out of his warehouse and take it out of line for the purpose of depositing it in a warehouse operated under the occupancy contract.

No press release will be issued in connection with this docket.

Recommended:

MARVIN L. MCLAIN,
Director, Grain Division.

Approved for submission to the Board of Directors, Commodity Credit Corporation:

J. A. MCCONNELL,
Executive Vice President,
Commodity Credit Corporation.

Mr. GILLETTE. Mr. President, this memorandum is a recommendation to the Board of Directors of the Commodity Credit Corporation. It indicates original signatures by Marvin McLain, Director of the Grain Division of the Commodity Stabilization Service, and by J. A. McConnell, Executive Vice President of the Commodity Credit Corporation. The memorandum is headed: "Distribution Limited."

The last sentence reads: "No press release will be made in connection with this docket."

And so far as I can determine, no press release was made which told the public of the various changes in rates and provisions favorable to the warehousing industry which I have outlined to the Senate.

This has the appearance of another multi-million-dollar handout.

Let me recapitulate:

The schedule of rates approved by the present Secretary of Agriculture increases normal storage payments on wheat by 1 cent per bushel per year, and on corn more than 2 cents.

It adds a brand new annual service of 1½ cents to 3¾ cents per bushel each anniversary date on wheat, depending on region.

It adds a brand new annual service fee of 1½ cents or 2 cents per bushel per year on corn, depending on receipt by truck, rail, or barge.

It increases the tolerance on protein content in an amount about 2 cents per bushel on the average on wheat. The protein gain, I should add, is only a one-time gain, not annual.

It has proved impossible statistically to reduce these variable increases in fees to be paid by the Government to an average annual cents-per-bushel figure.

In the case of corn they will run between 4 cents and 5 cents per bushel per year.

In the case of wheat, they may vary from 2½ cents to as much as 4¾ cents per bushel per year.

These figures do not include the protein gain. With that added to an annual storage cost increase, the warehousing industry gain can exceed 6 cents per bushel per year on wheat.

The magnitude of the cost of these increases can only be roughly estimated.

I have inquired at the Department for figures on the number of bushels of Government-owned wheat and corn stored in commercial warehouses and learned the following: Of the 347 million bushels of corn on hand as of July 1, only 10 or 12 million bushels were stored in such warehouses, but that of the 773 million bushels of wheat held by the Government, 641 million bushels are in commercial storage.

Taking the total of both wheat and corn, we see that the Government has stored with the terminals and warehouses some 650 million bushels, subject to these uniform storage agreements.

Every cent per bushel per year added to fees would cost an additional $6,500,000 a year, to be paid out of the Treasury.

A 4-cent increase per year per bushel on that quantity of stored grain would amount to about $26 million. The figures may be even higher, but as I say, it is impossible to calculate the full effect of these increases in payments.

It is quite clear, however, that millions of dollars are involved, that millions more are to be paid to the warehousemen than heretofore.

Now, I am unaware of any authority having been given the CCC by the Congress to dispose of Federal funds in this manner. If such authority exists, except in the most general language, I hope someone will point it out to me.

It may well be that such increases are really necessary, and that the warehousing industry can make a case for these higher fees. But I should like an appropriate congressional committee to determine whether there is justification or not. And in the meantime, I believe it would be wiser if the propaganda about storage costs be toned down by the Department's spokesmen, if not eliminated altogether.

In closing, may I point out that to the degree that raising the storage fees by the Government affects the storage fees charged to farmers, an additional burden will be placed on the farmers who already suffer from the current recession.

The same Department release on stocks, to which I have referred above, shows there were some 600 million additional bushels of wheat and corn under loan this past May 31. That means this grain is stored on farms, in Government bins, or commercial warehouses. To the extent that this loan wheat and corn is in commercial storage, farmers may have been further disadvantaged, along with the Federal Government, by these rises in storage costs.

In this brief statement, Mr. President, I have not dealt with other products than grain. I have not received information about changes in storage charges on dairy products, cottonseed oil, wool, cotton linters, and other items in the CCC inventory.

I am convinced, however, that the justification for these 1954 increases in payments on the grain-storage agreements should be carefully reviewed by Congress.

The least we can do for the farmer, whose program is regularly maligned in official pronouncements, is to determine the extent to which the present administration of the Department of Agriculture is itself responsible for the costs about which its spokesmen so bitterly complain to the American people.

Mr. President, in closing I refer very briefly to a statement made by the very able Senator from South Carolina [Mr. JOHNSTON] who preceded me. He referred to the repeated charges of the exorbitant expense of providing aid to the farmer, the so-called subsidy, which, as I said before, is an equation, not a subsidy.

The Postmaster General's office has furnished me these figures. I do not myself say that they are absolutely correct, but they have been given to me as the cost of some subsidies.

During the period cited with reference to the cost of the farm program, the handling of Life magazine cost the Government $3,424,000. Life magazine paid postage of $1,273,000. This is a loss to the Government for handling Life magazine of $2,151,000.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GILLETTE. Certainly.

Mr. AIKEN. Will the Senator tell the Senate what period he is referring to?

Mr. GILLETTE. Yes. It is the same period that is listed in this article.

Mr. AIKEN. What period is that? That is very important.

Mr. GILLETTE. It is the period during which we have had price suports, during the same number of years that we have had price supports.

Mr. AIKEN. Is it not true that for the first time it has been attempted in years, the present Postmaster General is trying to get the Congress to approve raising those rates so that there will not be the subsidy to Life magazine that the Senator is now referring to as having occurred over the past 20 years?

Mr. GILLETTE. There is no doubt that the present Postmaster General is trying, but previous Postmaster Generals have tried. I hope the present Postmaster General will be more successful.

Mr. AIKEN. He has not had much success so far.

Mr. GILLETTE. I am merely citing these figures to compare them to the repeated statements of exorbitant cost to the Government of the subsidy to the farmer.

Mr. AIKEN. I merely wished to make sure. I know the Senator from Iowa would not want anyone to get the impression that he was trying to blame the present administration.

Mr. GILLETTE. Oh, no.

Mr. AIKEN. It is the first administration in a long time which has tried to do something about the so-called evil.

Mr. GILLETTE. There was nothing further from the mind of the junior Senator from Iowa than to indulge in an attack on the present administration. The able Senator from Vermont has served with me for many years, and he knows I have on many occasions differed so materially with the Democratic administrations that I have been placed in an unpleasant position.

Mr. AIKEN. I know that.

Mr. GILLETTE. I do not intend this as any reflection on Postmaster General Summerfield or this administration. Many of these magazines are bitter critics of the subsidies to farmers, and I am calling attention to the subsidies that the magazines themselves enjoy.

Mr. AIKEN. I think the Senator from Iowa is performing a very useful service. I wanted to make sure that we gave credit where credit belonged.

Mr. GILLETTE. I thank the Senator.

Mr. CLEMENTS. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from Kentucky.

Mr. CLEMENTS. In order that the record may be clear, I am sure the Senator from Iowa would not want the statement of the Senator from Vermont [Mr. AIKEN] to stand that the present Postmaster General is the first who has endeavored to have the rate structures raised to the point that the slick magazines would pay their way. I am sure the Senator from Vermont has either forgotten or did not look at the record during the period of service of Postmaster General Donaldson, who was the first and only career Postmaster General in the history of this country. He worked before committees of both the House and the Senate in an endeavor to bring about increases in second- and third-class mail rates.

I am certain the Senator from Vermont realizes that the increased parcel-post rates were brought about through action taken by former Postmaster General Jesse Donaldson. In my service on the Committee on Post Office and Civil Service, I have never seen any person make a greater effort to get increases in the postal rates than was made by Jesse Donaldson in the 82d Congress.

Mr. GILLETTE. I thank the Senator from Kentucky.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GILLETTE. I am glad to yield.

Mr. AIKEN. I am glad to accept the correction of the Senator from Kentucky. I might add, however, that Postmaster General Summerfield has been a little more successful than his predecessor, because I believe he was able to have a bill reported by the House committee, although it was turned down on the floor.

Mr. CLEMENTS. I do not know what the Senator from Vermont considers to be more successful. The only action which will prove anything will be when Congress passes and the President signs a bill to increase the rates.

Mr. AIKEN. I agree that the preceding administration was successful in raising parcel-post rates throughout the country. I would not agree, however, if any contention were made, that that created any undue degree of happiness in the rural areas of the United States; and perhaps a subsidy was justified.

Mr. CLEMENTS. Mr. President, will the Senator further yield?

Mr. GILLETTE. I yield.

Mr. CLEMENTS. I can assure my friend from Vermont that rural patrons everywhere have somewhat the same views on some of the increases which would be made on county newspapers and many other items which come under the two classes of mail concerned.

Mr. GILLETTE. I thank both the Senator from Vermont and the Senator from Kentucky. Nothing was further from my mind than to bring any partisan accusation into the discussion, or to credit or debit the accomplishments of one administration as against another. I was simply trying to call attention to the fact that some of the outstanding criticisms of subsidies to farmers were made during the same period when other kinds of subsidies were being paid.

If Postmaster General Summerfield, Jesse Donaldson, Jim Farley, or anyone else, has accomplished anything, or can in the future accomplish anything, in eliminating subsidies, it will be eminently acceptable to the present speaker, regardless of whether such a proposal comes from a Democratic Postmaster General or a Republican Postmaster General.

Mr. President, I have just cited figures with reference to Life, which is an outstanding critic of subsidies to farmers.

The cost of handling the Saturday Evening Post during this period of several years was $2,321,000. The Saturday Evening Post paid postage of $690,000. The loss to the Government in the handling of the Saturday Evening Post was $1,631,000.

In the case of the Chicago Tribune, which the Senator may have heard of, the cost of handling was $601,000. The postage paid was $154,000. The cost to the Government was $447,000.

These are deficits or subsidies paid by the people for the publications, and are just one of many groups of subsidies.

I am not criticizing these particular publications, because there are hundreds of publications which benefit from this type of subsidy. I cite them because they are outstanding examples. They are illustrative of the type of subsidy, which the Government is paying.

The Government pays subsidies to the airlines and the railroads. Subsidies have been paid, through various devices, to other businesses, large and small. I am not criticizing that. But I close with this question: If those subsidies are allowed to continue with a minimum of criticism, why, in the name of all that is fair, when a suggestion is made to support a basis industry, does the cry arise that it is an unreasonable charge on the Treasury of the United States and the people of the United States?

Mr. AIKEN. Mr. President, will the Senator further yield?

Mr. GILLETTE. I yield.

Mr. AIKEN. I wish to point out that originally the legitimate purpose and use of a subsidy was to acquire either production or services for the benefit of all the people, which would not otherwise have been obtained or performed. In the beginning the railroads were subsidized, so that railroads would be built in areas where they were needed. Airlines were subsidized in order to provide service to areas which needed such service. Steamship lines were subsidized for the same reason. In the course of time, subsidies have been abused.

While the figure of $15 billion has been used as representing the amount of subsidies which the Government pays out, it is also pointed out that only $500 million is for farm subsidies. I think, to be perfectly fair, attention should be called to the fact that a major part of the $15 billion is comprised of subsidies to veterans and of relief to foreign countries. A very sizable Federal subsidy to domestic industry and manufacturers still remains.

Also there are a great many hidden subsidies, which never show up at all. Although they are available to all the people, actually they benefit certain segments more than they do others. I wish to make it clear that a subsidy is not always paid without benefit. Subsidies are supposed to provide goods or services which are needed, but which otherwise would not be available.

Mr. CLEMENTS. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from Kentucky.

Mr. CLEMENTS. Is it not a fact that the six basic commodities which are involved in the amendment now before the Senate have been the least expensive in the entire farm program? Is it not true that over the past 20 years the total cost to the Government in that field has been a little more than $100 million?

Mr. GILLETTE. I have seen various figures at different times, and different factors frequently enter into the question, so I cannot answer categorically. But whatever the program has cost, it has been amply justified by the security and stability which the farming industry has enjoyed.

Mr. CLEMENTS. Is it not a fact that over a period of 20 years, all of the 6 commodities, according to statements by the present Department of Agriculture, have shown a profit?

Mr. GILLETTE. I think that is undoubtedly true.

Mr. CLEMENTS. Tobacco has shown a profit of more than $2 million.

Mr. GILLETTE. I think that is true.

Mr. CLEMENTS. Cotton has shown a profit, under the support program, of something like $260 million.

Mr. GILLETTE. I think that is correct.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GILLETTE. I should like to finish my statement, because I desire to pay a compliment.

During the period I referred to earlier in my remarks, the 18 years I have spent in Congress, hearing the farm problem discussed, I have been very happily alined with the able Senator from Vermont [Mr. AIKEN] on practically every issue. He has been one of the most sincere, earnest, and able advocates of some measures of stability for agriculture.

I feel that he has reached a wrong conclusion on the present measure. This leaves me in the unhappy position of voting contrary to the way in which I believe the Senator from Vermont will vote. But I wish to pay him a tribute, because he has been a consistent and hard worker in the interest of agriculture.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. AIKEN. I point out that the cost of the farm programs over the past 20 years depends entirely on which set of figures is used by the person citing them. If the figures of the business operations of the Commodity Credit Corporation during the time that agency has been in existence are used, it will be found that cotton has shown a profit, and also that tobacco, as the Senator from Kentucky has stated, has shown a small profit.

However, if other income and price programs are cited, a substantial deficit will be shown.

It will be found that the cost of supporting wheat over a 20-year period has been $1,721,000,000. I do not begrudge that support; I think it has been good business to do it.

It will be found that tobacco has cost more than $94 million. Rice has cost almost $36 million over 20 years, which is not exorbitant. The peanut program has cost almost $138 million. Cotton has cost over $1½ billion, if the costs of other programs are included. But if only the operations of the Commodity Credit Corporation were considered, the cotton program would show, I believe, a profit of almost $238 million.

So it depends upon whether one considers the figures of the Commodity Credit Corporation, or whether one considers the costs of removing surplus commodities, the costs involved in the Sugar Act, and costs involved in other laws. Sugar, wheat, and cotton have been expensive commodities to support, but in the case of sugar, I think we have kept down the cost of sugar to the consumer in this country, and have maintained a good income to the sugar producer through subsidization. I do not complain about that. That is not an exorbitant cost. If we could support our agricultural economy by spending $500 million a year, it would be one of the best investments we could make. However, when one says that the purchases of basic commodities have resulted in a profit over the years, he is using only the figures cited by the Commodity Credit Corporation, and omitting the costs of removing surplus commodities from the market, and the costs under the International Wheat Agreement, the Sugar Act, acreage allotment payments, under which arrangements farmers are paid for not producing, and several other items of expenses.

I think too much emphasis has been placed on the cost of the program. It is not what the program costs that counts; it is what we get in return for it that counts. If we were to get a return of $1.05 for every dollar spent, theoretically, at least, the more we would spend the better off we would be.

Mr. GILLETTE. Again I thank the eminent Senator from Vermont. I repeat what I said in reply to the questions of the Senator from Kentucky and also of the Senator from Vermont, that I cannot answer categorically exactly what the cost is. But I concur with the conclusion of the Senator from Vermont, which he just voiced, that, regardless of the expense, if it brings stability to the fundamental basic industry, it is worth the money we put into it.

Mr. President, I yield the floor.

Mr. SALTONSTALL. Mr. President, I wish to speak very briefly on the amendment which has been offered by the Senator from Vermont to the pending bill, and I also wish to ask the Senator several questions. I expect to support the amendment of the Senator from Vermont, and I shall give my reasons very briefly in a moment.

While Massachusetts is regarded as being an industrial State, I know that when I was Governor agriculture constituted the second largest income-producing business in the Commonwealth of Massachusetts. I think the income from agriculture was exceeded only by that from textile manufactures.

In citing the figures I am about to mention, I call attention to the fact that they apply to New England rather than to Massachusetts alone. Seventy-four and four-tenths percent of the New

England farmers buy feed from the supported grain-crop farmer. Five thousand nine hundred and sixty-seven of those farmers are dairymen, whose annual production is worth about $200 million. Eight thousand two hundred and thirty-three farmers derive their income from the poultry and produce business, which annually amounts to more than $200 million. Two thousand eight hundred and ninety-nine farmers sell vegetables.

In Massachusetts, as opposed to New England as a whole, only 4 percent of the value of farm products sold comes from supported basic crops. In other words, the great bulk of the Massachusetts farm income comes from products that are not supported in any way by the Government. Only 4 percent of the income came from the sale of supported basic commodities.

For that reason, Mr. President, obviously, it is helpful to us in Massachusetts to support the Aiken amendment, which would give a greater degree of elasticity to the support of basic crops. Therefore, I expect to support the amendment of the Senator from Vermont.

Mr. CLEMENTS. Mr. President, will the Senator from Massachusetts yield for a question?

Mr. SALTONSTALL. I yield to the Senator from Kentucky.

Mr. CLEMENTS. Will the Senator from Massachusetts tell me whether or not considerable revenue accrues to the people of Massachusetts through maritime subsidies granted by the Federal Government?

Mr. SALTONSTALL. Very frankly, yes.

Mr. CLEMENTS. I should like to ask the Senator from Massachusetts another question. Since none of the benefits of these subsidies granted to the people of Massachusetts, through action of Congress, would accrue in any way to the people of Kentucky, would it be a sound statement for the Senator from Kentucky to make that since the people of Kentucky get no part of those subsidies, even though the maintenance of an adequate merchant marine is for the benefit of all the people, he should vote against such subsidies?

The reason I ask that question is that it has been my privilege, and it has been a pleasant privilege, to support proposed legislation along that line on more than one occasion, in order to keep the transportation systems on the high seas on a sound basis.

Mr. SALTONSTALL. I am glad the Senator from Kentucky has taken that position. I think it is a sound one. As I was about to say, before the Senator from Kentucky really made my reply for me, the maintenance of an adequate merchant marine and our commerce on the seas helps us all. I do not say I would vote against all parity supports or against any particular price supports, because I realize that some price supports are necessary at the present time. I think it is necessary to keep a proper balance between agriculture and industry. In that respect I have supported, and I expect to support, basic commodity price supports. I voted for the Aiken-Hope bill in 1948, and I expect to vote for the bill this year.

Mr. CLEMENTS. Mr. President, will the Senator from Massachusetts yield further to me?

Mr. SALTONSTALL. Yes; I am glad to yield.

Mr. CLEMENTS. Did the Senator from Massachusetts think the principle in the Hope-Aiken bill was sound at that time? Did it not cover a range between 60 and 90 percent?

Mr. SALTONSTALL. I think the Hope-Aiken bill covered a range from 75 to 90 percent, if my memory is correct.

Mr. AIKEN. Mr. President, if the Senator from Massachusetts will permit me to interrupt, let me say that in the 1948 act the flexibility ranged from 72 to 90 percent. The 60 percent, which the opposition delights in referring to, could never have been operative, but was used simply as a base from which to figure the actual minimum support, which in no case could have been below 72 percent.

I admit that the reason for the 60 percent was that at that time we felt the country might not accept 72 percent and perhaps Congress might not. We simply provided that when controls were in effect, there would be an automatic increase of 20 percent in the support level.

Mr. CLEMENTS. Then are we to understand that the Hope-Aiken bill did contain the figures 60 percent to 90 percent, although the Senator from Vermont says the minimum would not have gone under 72 percent?

Mr. AIKEN. That is correct. The 60 percent was not operative.

Mr. CLEMENTS. Is it not a fact that in 1949 Congress enacted legislation changing the spread and making it between 75 and 90 percent?

Mr. SALTONSTALL. My understanding of the detailed figures is a little vague, but I believe that is correct.

Mr. CLEMENTS. The pending amendment covers a spread from 80 to 90 percent, does it not?

Mr. SALTONSTALL. That is my understanding.

Mr. CLEMENTS. The same proponents have sponsored ranges of 60 to 90 percent, 75 to 95 percent, and now 80 to 90 percent. If the principle was sound in the first place, does not the Senator from Massachusetts think they would continue to advocate the original figures, rather than seek to change them?

Mr. AIKEN. Let me point out, if I may, that the 80-percent provision is for 1 year only, and affects only 1 commodity. No commodity other than wheat can drop below 85 percent, anyway. Because of the heavy cut in the acreage of wheat, due to the fact that the Secretary of Agriculture in office in 1952 did not reduce the acreage when he should have, under the law, we feel that we should make things a little easier on the wheat grower by fixing the minimum at 80 percent in the case of wheat, rather than let it drop to 75 percent, which it will do if there is no new law.

Mr. CLEMENTS. Mr. President, will the Senator from Massachusetts yield, to permit me to ask a question directly of the Senator from Vermont?

Mr. SALTONSTALL. Yes, provided I do not lose the floor. I ask uanimous consent for that purpose, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CLEMENTS. It is very easy to second-guess what should have been done in 1952. But in that year, under the military situation which existed at that time——

Mr. AIKEN. And the election.

Mr. CLEMENTS. Very well, if the Senator from Vermont desires to get that into the RECORD——

Mr. AIKEN. I think it is already in.

Mr. CLEMENTS. If he desires to get it into the RECORD, that is perfectly all right with me. However, in view of the military situation existing in the world in 1952, if the Senator from Vermont had then been Secretary of Agriculture, would he have taken the gamble of reducing production at that time?

Mr. AIKEN. I think almost every agricultural economist in the country would have recommended reducing the acreage of wheat for the crop year 1953. I would not have recommended cutting the production of corn for 1953; neither would I, at the last minute, before the new administration took over, have fixed allotments for 2½ million extra acres—which was done in the last week of December 1952. I would not have done that. I would have left the allotments just as they were.

Mr. CLEMENTS. Is it not a fact that a far greater number of persons advocate in 1954 that that should have been done in 1952, as compared with the number who advocated such action in 1952?

Mr. AIKEN. Personally, I would not have recommended a reduction in the acreage of wheat in 1952. But the acreage set in the latter half of 1952—I think it had to be set in July, for the crop year 1953—should have been reduced; and I think nearly everyone agrees on it now, and also agreed on it at the time.

Mr. CLEMENTS. Then, as I understand, the Senator from Vermont says that if he had then been Secretary of Agriculture, he would not have recommended that it be cut for the 1952 crop.

Mr. AIKEN. I do not think so, for 1952. I forget the amount we had on hand at that time; but, as I recall, it was nearly 300 million bushels, and at that time we still did not know how the war in Korea was to go.

Mr. CLEMENTS. The reason why I ask that question of the Senator from Vermont is that, although I find myself on a different side from the Senator from Vermont, so far as the pending amendment is concerned, yet I have great respect for him; and I do not believe that either he or any other person who understood the farm and world conditions which existed at that time would have recommended that a cut be made.

Mr. AIKEN. The Senator from Kentucky may recall that in testifying before the Joint Committee on the President's economic report, Dr. Louis Bean testified that in the fall of 1952, he called the

attention of Secretary Brannan to the fact that the wheat acreage being allocated would probably get us into trouble the following year.

He also claimed that he called the attention of Secretary Benson to it, after Secretary Benson came into office. But at that time the acreage had already been set.

Mr. CLEMENTS. I am not advised as to that testimony; it was not my privilege to serve on the committee at that time.

Mr. AIKEN. I heard it.

Mr. CLEMENTS. I thank the Senator from Vermont, and I also thank the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator from Kentucky.

Mr. President, I have tried to state my position very briefly. I thank the Senator from Kentucky for engaging in this colloquy with me and with the distinguished Senator from Vermont, because it has enabled me to state my position even more clearly in regard to the balance between agriculture and industry and in regard to the fact that what is good for one State is very likely to be good for the Nation as a whole.

I shall not speak further at this time, except to ask several questions of the distinguished senior Senator from Vermont.

As he knows, there is one subject—and I shall mention it only briefly at this time, because it does not concern the pending bill—which I have discussed with him on several occasions, namely, the fishing industry, in which we in Massachusetts are very much interested. At the present time the Massachusetts fishing industry is in a difficult situation. Whether that should be cured by means of tariffs or a Government subsidy, or whether it can be helped by the research which Congress now has authorized, remains to be seen. Certainly it is a matter which should be considered, and should be made the subject of extensive hearings before congressional committees, and should not be dealt with at this time, on the floor of the Senate, by means of an amendment to the pending bill.

The Senator from Vermont and I have discussed that subject together, and we have also discussed it with representatives of the fishing industry. I mention it at this time because it relates to the food supply and also to an industry which is vital to Massachusetts, and which at the present time is in a difficult situation.

In Massachusetts we also have a number of candy manufacturers. The candy-making industry is a substantial user of peanuts. In 1943, the candy industry used 209 million pounds of peanuts. In 1952, the candy industry used only 120 million pounds of peanuts. In the 10-year period from 1943 to 1952—figures for 1953 are not available—the confectionery industry's usage of peanuts was thus cut almost in half. The reason given to me for the decline is that peanuts were at such a high level of cost that the confectionery manufacturers could not afford to use them to so great an extent.

I should like to ask the distinguished senior Senator from Vermont, the chairman of the Committee on Agriculture and Forestry, a question in that connection: Is it not true that although peanuts are defined by law as a basic commodity, they bring in less than one-half of 1 percent of the total cash income from farm commodity marketings?

Mr. AIKEN. I think I have the information at hand. In 1952, cash receipts from peanuts amounted to $143,619,000, while the total cash receipts from all farm commodities were $32,647,941,000. In short, the cash receipts from peanuts were, therefore, forty-four one-hundredths of 1 percent, or less than one-half of 1 percent of all cash receipts from farm commodities produced in the United States.

Mr. SALTONSTALL. I thank the Senator.

Is it not true that the old parity price of peanuts is farther out of line with the modernized parity than that of other basic commodities?

Mr. AIKEN. Yes. I think use of the old parity formula permits peanuts to get farther out of line and peanuts get greater advantages from use of the old parity formula than any other commodity.

As a matter of fact, the old parity price for peanuts is 21 percent above the modern parity price. For wheat it is 16 percent above. Wheat gets a substantial advantage, amounting to about 35 cents a bushel. For corn it is 12 percent. For cotton there is a very slight advantage in using the new parity formula.

But if the Senator will permit me, I should like to say something about the parity formula. The parity formula does not fix the value of farm commodities in relation to the income of other segments of our economy. The parity formula is designed to put each farm commodity in its proper relationship to every other farm commodity. Altogther they comprise a hundred at all times.

So when the parity formula gets out of line or we use an obsolete parity formula and give one farm commodity certain advantages thereby, those advantages and the increased price must necessarily be taken, not out of the general public, not out of industry, not out of commerce, but out of other farm commodities by putting them below the normal level of parity which properly belongs to them.

The old parity formula was based on costs of producing from the period 1909 to 1914, when all our wheat was produced by mill power and horsepower and threshing was done not by combines, but by separators, as we called them, that went from farm to farm, and the process lasted 3 or 4 months during the year. Now wheat raising has become so mechanized that by using the old parity formula the producers of wheat get a 16 percent advantage which they would not otherwise have. But on peanuts they get a 21 percent advantage.

The old parity formula gives a greater premium to the peanut grower than to the producer of any other basic commodity; wheat is next, then corn. For cotton the difference is very little.

Mr. SALTONSTALL. I thank the Senator. May I ask just one more question?

Mr. AIKEN. Certainly.

Mr. SALTONSTALL. We have heard a great deal about the butter program and its costs. As a practical matter, is not the peanut program a great deal more expensive than the butter program?

Mr. AIKEN. It is very difficult to tell what the cost of the peanut program has been.

The Senator may recall that after the war, and previous to 1950, enormous quantities of peanuts were unloaded onto the foreign-aid program and the Army.

I recall that at one time Germany wanted 50,000 pounds of lard which we had in heavy surplus. Our Government made them take peanuts instead to get the oil, and instead of the fats costing 9 cents a pound, which lard was worth at the time, the German occupation army had to procure fats at a cost of approximately 37 cents a pound. So much of the cost of the peanut program has been hidden that it is very difficult to tell what it really has been.

I think the Senator is probably correct in saying that up to this time the visible costs of the peanut program have been about double the cost of the butter program; but I would hesitate to say, after we include this year and next year, that that would hold true, because we have reached a point where the 90-percent support for dairy products has induced the production of butter for the Government until we now have, I would say 500 million pounds of butter in Government refrigerators, and 400 million pounds of cheese, and I anticipate there will be some pretty heavy losses in those commodities.

The dairy situation is improving rapidly, however. I hope Government accumulations of butter are at their peak. I believe the Government accumulation and ownership of dairy products probably is at its peak, unless the Congress should approve the unwise proposal which the majority of the Committee on Agriculture and Forestry have made to increase the support levels, putting up the price to the consumer, pricing dairy products again off the commodity market. If that is done, I venture to say that the cost of the dairy program will be somewhere between $300 million and $600 million a year, with no appreciable benefits to anybody, except processors.

Mr. SALTONSTALL. I appreciate the Senator's answers on the subject. The Senator knows, as a neighbor of Massachusetts, that our candy industry is substantial. Representatives of that industry have talked with the Senator and me relative to taking off or minimizing subsidy payments on peanuts.

I have advised them, after talking with the Senator from Vermont [Mr. AIKEN], that this matter should be given thoughtful consideration again before a committee, and it would be wiser not to offer an amendment on the subject on the floor at this time.

Mr. AIKEN. If the Senator will permit me, I should like to point out that a good many people fail to realize how important agriculture is in the Northeastern States.

While I do not have the figures before me, I venture to say that probably not more than 15 or 20 States in the Union produce a greater value of dairy products in a year than does the State of Massachusetts.

I know that the State of Vermont ranks 13th among the 48 States of the Union in value of production of dairy products.

People do not realize that the value of our dairy products is greater than the value of dairy products of any State south of the Mason-Dixon line, with the exception of Texas; and that the little State of Vermont produces a greater value of dairy products than any of the States of Idaho, Washington, Oregon, Kansas, Nebraska, and some 35 other States.

Mr. SALTONSTALL. I thank the Senator. I agree with that statement. Of course, much of the dairy products of the State of Vermont go into Massachusetts.

Mr. AIKEN. That is true.

Mr. SALTONSTALL. Also we have a poultry industry in Massachusetts of which we are very proud.

Mr. AIKEN. That is correct.

Mr. SALTONSTALL. We in Massachusetts try to keep up high standards of breeding stock so many of the other States of the Union take their growing stocks or their breeding stocks from us.

Mr. AIKEN. I had occasion to point out the other day that Massachusetts and Connecticut are two of the leading States in the development of hybrid corn, which has made other States immensely wealthy during recent years.

Mr. SALTONSTALL. I thank the Senator. For the reasons I have stated, I expect to support his amendment.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. LANGER. I did not understand the Senator's statement on hybrid corn. My understanding is that it was developed in the Northwest. If I am incorrect, I should like to be corrected.

Mr. AIKEN. I think it will be found that the pioneer work was probably done at Connecticut State College. But the Western States caught on very fast.

Mr. LANGER. And, as a matter of fact, their acreage is much larger.

Mr. AIKEN. Much larger. It is a tremendous business out there.

I was amazed to find last fall, on visiting the State of Utah, that two of their great products out there are the Marshall strawberry and the Hale peach. They are produced to perfection. The Marshall strawberry originated about 70 miles from my home, and Mr. J. H. Hale lived about 100 miles from my home in New England. I could go on citing John Deere, Brigham Young, and all the others who went from Vermont to the West and helped to make it what it is.

I see the Senator from Missouri [Mr. HENNINGS] present in the Chamber. I believe that one of the most prominent Members of Congress from his State was Matthew Lyon, or perhaps he was from Arkansas.

Mr. HENNINGS. Does the Senator mean Nathaniel Lyons?

Mr. AIKEN. Matthew Lyon.

Mr. HENNINGS. I refer to the general killed at the Battle of Wilson's Creek.

Mr. AIKEN. I was referring to Matthew Lyon, who got out of jail in Vermont just in time to cast the deciding vote which nominated Thomas Jefferson for President. He later moved from Vermont to Kentucky and developed the Ohio River traffic. He came to Congress from Kentucky and then went to Arkansas Territory. I believe later he represented Arkansas Territory in the Congress; so he got around.

THE DROUGHT IN THE MIDWEST

Mr. HENNINGS. Mr. President, my attention has just been called to a newspaper story datelined Washington, D. C., Thursday, August 5. The story consists of three brief but significant sentences. I should like to read them to the Senate:

> President Eisenhower yesterday was reported a little vexed and somewhat irritated over what he considers unjustified appeals for Federal drought relief from sections of the country that he feels do not need it. The areas criticized were not identified. The President's attitude was described by Representative DEWEY SHORT, Republican, of Missouri, speaking for himself and three other Republican Congressmen who went to the Chief Executive's office to discuss drought conditions.

That is all there is to the story, Mr. President—a brief item that could well be lost in the shuffle. At least it could be lost here in Washington where front-page news is more likely to be investigations and counterinvestigations. This item will not be lost, however, on the thousands of farmers in my State of Missouri and in other States who are in such a precarious position because of the prolonged drought. I know that Senators from some of these other drought-stricken areas must share my concern over the President's apparent vexation with the plight of the farmers. I have no reason to believe that our friend, the distinguished chairman of the House Armed Services Committee, gave reporters anything but a completely accurate statement of the President's comments and attitude. What disturbs me is the apparent failure of the President and his White House aides to recognize that economic disaster on our farms is not even good for General Motors, much less for the rest of the country.

Mr. President, I cannot speak for all the States in the drought area, but I do know something about the situation in Missouri. A month ago, when it began to appear that day after day of temperatures soaring well over 100° and continued lack of rainfall were already causing extensive marketing of cattle because of burned-out pastures, and when it appeared that the drought this year was already worse than the serious drought of last year, and the year before, I wrote to the Secretary of Agriculture. I urged him to give immediate consideration to plans for emergency action in order to try to avert a recurrence of the 1953 disaster. Over the following weeks I sent repeated appeals to the President and to the Secretary of Agriculture. Other members of the Missouri delegation did the same thing. The Governor of our State certified the entire State—every single county in the State—as a major disaster area. The drought continued. Our pleas continued. The administration continued—to use their own words—"to watch the situation." Finally, on August 2, after almost an entire month had elapsed, the President designated 76 counties in Missouri as drought disaster areas.

I immediately telegraphed the President expressing appreciation for this action but pointing out at the same time that the continued searing heat had burned out pastures, destroyed crops and seriously depleted water reserves throughout the State. I urged him not to wait until the damage was irreparable before designating the remaining counties in our State as disaster areas and before putting into effect, for the entire State, the emergency program which had been recommended by farm leaders, by Democratic members of the Missouri delegation in Congress, and even by the chairman of the Missouri Republican State Committee.

Mr. President, I am sure we all recognize that drought is no respecter of political party affiliation. Certainly we in Missouri have had our share—indeed, far more than our share—of the ravages of nature, between the devastating floods and the repeated droughts, and we know that when disaster strikes it does not pause politely at the threshold to inquire about a family's political party. Nor do the appeals for assistance come solely from one political party. The chairman of the Missouri State Republican committee, Mr. Perry Compton, after returning from a 2,000-mile trip through the drought-stricken State with two officials of the Department of Agriculture, wired Secretary Benson a week ago as follows:

> As one who saw the conditions first hand, and also a farmer and conversant with agricultural problems, I can report to you that Missouri farmers are in a desperate plight as a result of 3 years of drought. Hot, searing temperatures of 100° and higher have burned out our crops, destroyed our pastures, and dropped water reserves to around the levels of 1934 and 1936. I urgently urge that you declare all of Missouri a drought disaster area, for while there are isolated counties now in the only fair condition, they are bound to deteriorate during the month of August which is our worst month in Missouri.
>
> There may be slight graduations between counties now but by September 1, unless there is a tremendously big break in the weather, county lines will not have any demarkation meaning insofar as crops and pastures are concerned.

Mr. Compton followed with a series of recommendations for emergency action and then he continued in his wire:

> The courage of our Missouri farmers in the face of this third consecutive year of drought is most laudatory. They do not want charity, nor handouts, but they have become victims of conditions beyond their control and need help immediately.

But the President is vexed and somewhat irritated by unjustified appeals for Federal aid.

Mr. Compton continued in his same wire to Secretary Benson:

> The action of President Eisenhower and yourself in acting swiftly to bring aid to our distressed farmers is certainly commendable and has the deep gratitude of all Missourians because it reveals your truly sym-

pathetic understanding of agricultural problems and a humanitarian approach toward those who are in distress through no fault of their own.

That wire was sent to Secretary Benson on July 31. Yet in the short space of less than a week, that sympathetic understanding and humanitarian approach to which Mr. Compton referred have apparently been displaced by another attitude. As of yesterday, the President is reported as being vexed and somewhat irritated by these appeals.

The areas criticized for unjustified appeals for Federal aid are not identified. I hope that Missouri is not included in this category because we in Missouri would consider this a most unjust and unwarranted accusation. A good many of us know that when economic disaster strikes the farmers of our Nation it has wide repercussions upon business and industry everywhere. A good many of us believe that we must have a healthy farm economy—not only because we need abundant production to meet our own domestic needs and those of our friends and allies abroad—but also to keep our entire national economy healthy and expanding. But our farmers have been caught in a price squeeze and on top of that they are suffering from the effects of the drought and now they are accused, in effect, of wanting a handout. Somewhere along the line, it seems to me, the farmer has become the forgotten man.

As I said earlier, Mr. President, I cannot speak with authority about States other than Missouri but I have here an Associated Press story which is headlined Drought-Seared Plains States Pray for Rain and United States Aid. The story quotes the agricultural commissioner of Texas, Mr. John White, as saying that "unless we assist in every possible way thousands of our rural people will have to abandon the land." Mr. White, the Associated Press continues, speaks for only one State. "But drought still rules all the Great Plains, in spite of recent rains and the Federal aid already granted to six States." According to this report five more States—Alabama, Kansas, Kentucky, Georgia, and Tennessee—have asked for Federal aid. Are these the States that are vexing and irritating the President with unjustified appeals?

The report points out that even the scattered rains of the last 10 days have not helped materially. In Kentucky, for example, there was a little rain that helped tobacco but most other crops were too far gone to save. From Pennsylvania, Indiana, Illinois, and Minnesota comes word that more rain is needed and even that would not revive some fields and pastures. From Oklahoma comes word that the recent rains gave cotton and peanuts a fair chance but were too late to help pastures and feed crops. Texas already has reported to have lost $125 million worth of cotton and more than $14 million worth of grain sorghums and so much pasture it cannot even be calculated. New Mexico complains about the delay in getting the feed program started and in deciding who is eligible for relief. Even under the subsidy program announced by the Agriculture Department—a subsidy of 60 cents per 100 pounds for corn, oats, barley, and grain sorghums—feed prices will remain higher than last year. A bushel of corn, for example, will cost almost $1.50. Under last year's emergency program the farmer could buy a bushel of corn for $1.

Moreover, in some States, only certain counties have been approved for Federal aid while the counties excluded are in just as serious condition. In Missouri, in particular, Mr. Fred Heinkel, president of the Missouri Farmers Association, declared that all of the State's 114 counties should have been included.

I think it is only fair to point out that if some areas of the country have indeed asked for Federal assistance before they have reached the point of desperation, or before the President considers their appeals entirely justified, it may well be because they know from the experience of other States how long it takes to get any assistance at all from the Federal Government. They have seen the endless delays, the dilatory procedures, the redtape, and the Federal aid that comes—if it comes at all—sometimes pitifully too little and ofttimes too late. Certainly our experience in Missouri is a good example.

In the light of all of these conditions, Mr. President, I am constrained to observe that if anyone should be vexed and irritated it should be the farmer who not only finds himself at the small end of the horn but, in effect, is accused of trying to get something for nothing in the bargain. This is generally thought by people who do not understand or know very much about this problem.

While we are talking about vexations, I believe that I have as much right as anyone to be vexed. My right relates to a month's correspondence with the United States Department of Agriculture and its uninformed or misinformed watchful waiters over the drought and cattle situation.

Early in July I received a telegraphic appeal from the head of the Kansas City Livestock Exchange to get something done about the low prices resulting from forced liquidation of cattle as a result of the drought. I was informed that cows and calves were pouring into the market and prices were falling rapidly. I checked the Livestock Market News Bulletin and verified these facts myself.

Immediately I sent a letter to Secretary Benson and received a reply from Mr. K. L. Scott, Director of Agricultural Credit Services, "that cattle prices were above those of a year ago but that they were watching the situation very carefully." He said that while cattle marketings were large, they did not greatly exceed marketings to be anticipated because of the large number of cattle on farms. The marketings did not indicate forced liquidation that would require meat buying, Mr. Scott informed me.

Mr. CASE. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from South Dakota?

Mr. HENNINGS. I am glad to yield to the Senator from South Dakota.

Mr. CASE. I am very much interested in the Senator's discussion of the cattle market situation. I wonder if he has checked the comparative prices of cattle today as against a year ago for the lower grades of cattle.

Mr. HENNINGS. Yes. Of course, as the distinguished and learned Senator well knows, those are the grades in which we are most interested.

Mr. CASE. I think it may well be that the prices of top grades of cattle are a little higher than they were a year ago, but the distress occurs in the lower grades, and my observation is that the price in the lower grades at the present time is weaker than it was a year ago.

Mr. HENNINGS. The Senator from South Dakota is eminently correct. He speaks with his usual penetration with respect to all problems which are presented on this floor, and not merely those relating to agriculture. I observed that about the Senator years ago when I had the pleasure of serving with him in the House of Representatives.

These figures, which have been given out generally and with attendant publicity, relate to the fine, fat beef cattle which produce some of the choicest steaks, and do not relate, as the Senator has suggested, to the lower grades of cattle. As we know, that is the category that creates our great problem.

Mr. CASE. Where the distress occurs in areas of shortage of grass and feed, those cattle are not ready to go to market, and if it is necessary that they go to market, the result is a glut of the market, with consequent depression of price.

Mr. HENNINGS. Again the Senator is exactly right. Those are cattle that should not be sent to market. If they are ultimately sent to market under distress conditions, the producer gets nothing for them. They are at present glutting the livestock markets in Kansas City, Omaha, East St. Louis, and I assume in Chicago as well.

I thank the Senator for his very important contribution to this discussion.

Mr. President, as soon as I could, after Mr. Scott informed me that there was no indication of forced liquidation which would require meat buying, I wrote to Secretary Benson about the astonishing statements in Mr. Scott's letter, quoting the markets at that time to show that cows and calves at Kansas City were selling at prices under those of a year ago, and that prices were still falling on the Kansas City market.

I cited quotations from the Department's own Livestock Market News which showed, for example, that commercial cows were down from 75 cents to $2 under the year before, and had fallen the very week Mr. Scott wrote the letter.

The statements in his letter made it obvious that no one was actually watching the Kansas City market. They just didn't know what was going on.

I have another letter from Mr. Scott which I wish to read:

DEAR SENATOR HENNINGS: This is in reply to your letter of July 21, calling our attention to an error of fact in our earlier letter where we discussed the level of cattle prices compared with a year ago. In our letter we

stated that "prices of most cattle have continued above last year."

During the week immediately prior to our letter cattle prices had become lower than a year earlier, as you indicated. However, this came about largely because of a sharp increase which occurred in cattle prices during the first half of July last year, rather than as a result of a decline in prices during that week this year. For several weeks, particularly during April, May and most of June, prices of most classes and grades of cattle continued fairly stable and above prices a year earlier.

Mr. President, that is the most classic example of what might be called bureaucratic claptrap I have yet received for my files. Prices in April, May, and June before the drought situation got bad were entirely beside the point.

Commercial cows of all weights fell from $12.88 per hundredweight in Kansas City the week ending July 3 to $12.50 the week ended July 10. They fell on down to $11.65 per hundredweight the week ended July 17. They were falling, but I was told that they were below a year earlier largely because of a sharp increase which occurred in cattle prices during the first half of July last year, rather than as a result of a decline in prices during that week this year.

Is there a United States Senator on the floor who can make sense out of that? Commercial cows fell from $12.88 the week of July 3 to $11.65 the week of July 17 in Kansas City. But that drop of $1.23 per hundredweight was unreal, says Mr. Scott. It was the rise the year before that made it look as if $1.23 decline in commercial cow prices were a decline in commercial cow prices.

Mr. President, I am not going to quote here the decline in utility, canner and cutter and calf prices because that was the same sort of illusory stuff. The prices all went down from one week to the next, but according to this letter they did not go down. It was the rise the year before that did it.

It would seem, Mr. President, the complete inability of the Department of Agriculture to grasp the fact that there is a serious cattle price situation, resulting from the drought, is revealed in the next, reassuring paragraph to me. It says:

Most of the weakness in cattle prices in the past few weeks has been in the lower grades of cattle.

Of course, I did not need the Department to tell me that. That is what I wrote in my first letter.

Further, Mr. Scott's letter went on to say:

Most of the complaint we have recently received on cattle has been based on prices for low-grade cows.

Of course, we all knew that, too. The situation is almost incredible. Here I am trying to get something done about the forced marketing of low-grade cattle, as the distinguished Senator from South Dakota indicated, and the Department is reassuring me.

The cattle market is just fine. Nothing has happened except that the low-grade cattle prices have broken.

Mr. THYE. Mr. President, will the Senator yield?

Mr. HENNINGS. I am glad to yield to the Senator from Minnesota.

Mr. THYE. The only comment I wish to make at that point is that the man in a drought-stricken area who was compelled to move his cattle, considered them his foundation stock. He would have done almost anything rather than to sell that herd of cattle, but the drought has forced him to part with the herd. When he ships his cattle and receives a low return for them, it does not give him any comfort to have people refer to the fact that it was the price last year rather than the drastic low price as of today which was the real moving factor behind his action.

I could not get meaning or sense from the phrase the Senator just read from the letter about what the prices were last year and what the prices are this year.

Did the distinguished Senator from Missouri get any real common sense from that sentence?

Mr. HENNINGS. I am sure my friend from Minnesota understands this problem thoroughly. The Senator has not as yet had in his State the devastating drought which has afflicted my State for the past 3 years.

Mr. THYE. No.

Mr. HENNINGS. But the Senator has been experiencing some of these things over the years. The Senator is exactly correct. As I have indicated, I could get no meaning whatever out of that language. It is of no consolation and little solace to a farmer hanging on the ropes and about to go under, to be told that he should take comfort, that this was not really a decline but rather a reflection that prices were high last year due to certain conditions.

Mr. THYE. Mr. President, that is exactly what I understood to be the meaning of that particular paragraph in the letter. Therefore, I am glad the Senator restated the paragraph.

Mr. HENNINGS. The Senator's understanding was perfect, as I find it almost invariably to be on matters which come before this body. I have never known the Senator to misunderstand English. The Senator's confusion, I am sure, is the same as mine and for the same reason, that this letter does not make any sense.

Mr. THYE. That is true.

Mr. President, will the Senator yield further?

Mr. HENNINGS. I am glad to yield to my distinguished friend.

Mr. THYE. My belief is that in general philosophy a farm program should deal with emergencies, because everyone recognizes that the practice of agriculture is constantly endangered by hazardous conditions, over which man has no control. The farmer must contend with drought, hail, tornadoes——

Mr. HENNINGS. Floods.

Mr. THYE. The producer is subjected to everything of that kind.

In this particular instance, with an exceeding bad drought in the Southwest, there are a few things which the Government can do which will insure a farmer against being subjected to liquidation unless he has a great deal of credit or has great cash reserves. These farmers should have Government assistance. If the Government used section 32 funds to buy some low-grade canned beef such action would be of benefit. We did that a year ago, when the United States Government purchased about $100 million of low-grade canned beef, which gave stability to what we might call the foundation stock, which had to be shipped from the drought-stricken area and put on the market. It was a sacrifice sale, or what we might call a "fire sale," in the sense of comparing it with merchandising.

Mr. HENNINGS. That is correct.

Mr. THYE. We stabilized the market with respect to that type of livestock. We not only stabilized the market for the canner type of animal, but we firmed up the entire beef or meat market by the action the Government took.

The other action, of course, was the Emergency Feed Act, which brought about reduced feed costs. Though producers were able to buy hay for $15 a ton in areas where hay was available, by the time the hay was loaded and transported to the drought-stricken area it sometimes cost as much as $45 or $55 a ton. We had that experience a few years ago. The hay was bought in Minnesota and loaded on big semitrailer trucks and shipped to Oklahoma or to the Panhandle region, and by the time it arrived the producer or the man who needed it for his herd of cattle was paying anywhere from $45 to $55 a ton.

Mr. HENNINGS. That is correct.

Mr. THYE. Of course, for that reason a man could not afford to hold his stock unless the Government helped him through that time of crisis.

I thank the Senator for yielding to me. The sentence in that letter caught my attention, and I could not get any sense out of it. For that reason I asked the Senator to restate the paragraph for me.

Mr. HENNINGS. I appreciate the contribution of my friend from Minnesota, and his agreement with me that the letter I have just read from Mr. Scott of the Department of Agriculture does not make sense, because I know of no Member of this body who has a better grasp of the problems of American agriculture than has the distinguished Senator from Minnesota.

Whether we agree in all our conclusions or not is another matter, but the Senator from Minnesota certainly understands the elements of the problems relating to the American farmer which should be considered, and the necessary predicates for coming to any conclusions as to a good, sound, workable farm program.

I thank the Senator very much for his contribution.

Mr. President, last year I spent 2 months going up and down the length and breadth of my own State during the period of our last distressing drought, and observed just what the able Senator from Minnesota has described. Day after day, week after week, as I went through my State, I saw herds being decimated, and foundation herds being sold off. As the distinguished Senator's

analogy has so aptly indicated, it was like a "fire sale."

When we finally got a hay-buying program started, it was too late in many instances, but it helped. We finally got the hay to those areas, through cooperation of the Association of American Railroads and with the use of Government money which was put into the program. It all helped, of course. Unhappily, it was too late to save many cattle which might have been saved had something been done earlier.

Then we come to this part of the letter about those marketings:

Much of the marketing of such animals comes about from normal culling of worn-out breeding stock, some of which has been marketed earlier than normal because of weather and crop conditions. Dairy cast-offs comprise a substantial proportion of these old cows.

I would like to have the Senate listen to this next passage, as a model reply made to a Senator trying to get something done about a situation where farmers have to sell off their herd stock because of weather conditions. The Department of Agriculture undertakes to deliver me a little lecture. Mr. Scott writes:

Too often the condition of the cattle industry and of the cattle market is measured by price brands for those animals which bring the lowest prices. Perhaps a more appropriate measure of the health of the industry would be the price for cattle which are the primary product of the industry and from which is produced the beef so much desired by consumers and upon which the welfare of the industry depends.

Mr. President, how can I or anybody else explain to Secretary Benson and his aids that the problem is the weak price of the low-grade cattle which our Missouri farmers, hit by the drought for 3 successive years, are forced to market? How can I impress upon them that we do not have Choice and Prime steers coming out of the drought area?

Secretary Benson will not answer my letters. He refers them to Director Scott, and our friend, Mr. Scott, the Director of Agricultural Credit Services, tells me, in effect, to stop worrying about the low prices the drought-stricken farmers have to take. It is the nice fat, high grade "stuff" that makes thick, juicy steaks which really counts.

I hope I have not indicated that I am vexed. I am not vexed, Mr. President. I passed that stage long ago. As a result of a month's correspondence with Mr. Benson's Department of Agriculture, I have confirmed one fact that I knew when I started: that low-grade cattle are coming to the market early because of the weather. I have set the officials in the Department of Agriculture straight that cow prices did fall in Kansas City, although they still blame it on last year's rise. I have now only to find someone bright enough, or understanding and sympathetic enough, in the Department to grasp the fact that it is the prices for low-grade cattle, marketed because of the drought emergency, that are causing such great concern; that we are not at the moment discussing fat, sleek, Choice, and Prime grade steers which convert into thick juicy steaks.

Mr. CASE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). Does the Senator from Missouri yield to the Senator from South Dakota?

Mr. HENNINGS. I am very happy to yield to my distinguished colleague.

Mr. CASE. I should like to ask the distinguished Senator from Missouri if, in pursuance of that inquiry, he has found any indication of a determination to put into effect any kind of buying program such as was utilized last year, beginning along about October or November, for the procurement of beef for the school-lunch program and for some of the other aid programs.

Mr. HENNINGS. I am very glad the Senator has asked that question, because I have been urging for a long time, as I am sure others have, that such a buying program be put into effect. I think it was 2 weeks ago tonight that the Senate adjourned at midnight. The senior Senator from Wyoming [Mr. BARRETT] indicated that he had understood that the school-lunch buying program was about to go into effect. At that time I read another letter from Mr. Scott, indicating that Department officials were still studying the situation, but not holding out any immediate hope, or certainly no firm commitment, that they were going to put the program in effect.

In reply to the question of the Senator from South Dakota, I have no assurance whatever that such a program will be put into effect. We have been urging for a considerable time that such a program be put into effect.

Mr. CASE. In view of the fact that such a program could be financed in part from section 32 funds, or from some of the other programs which are already financed, so to speak, it seems to me that instead of delaying those programs until the only thing to do is spend money, it would be better to put such programs into effect when they could do double duty, so to speak, by easing a distressed situation. If meat is to be secured for the school-lunch program and for some of the foreign-aid programs, pure logic would dictate that it be procured at a time when it would give relief in a distressed situation, and at the same time not create a jam in the packing plants.

Mr. HENNINGS. I thank the Senator from South Dakota for his fine suggestion. As he has indicated, putting into effect such a program would be most appropriate. I thank him for his constructive suggestion that such a program should be put into effect now, not only to help our domestic distressed areas, but in anticipation of what we are doing abroad and what we expect to do abroad.

Mr. President, the correspondence I have just been reading is to me somewhat shocking. The farmers of my State are going bankrupt in great numbers, and all I can get from the Department of Agriculture are inaccuracies and banalities. Perhaps if the Secretary and his aids knew more of what was going on in agriculture, the President would be better informed, too, and would not find himself "vexed and irritated."

Mr. President, I ask unanimous consent to have printed at this point in the RECORD my letter to Secretary Benson of July 21, 1954, and Mr. Scott's reply dated August 4, 1954.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 21, 1954.

The Honorable EZRA TAFT BENSON,
Secretary, Department of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: You will recall that I took up with you on July 9 the urgent matter of the drought in Missouri and, particularly, called your attention to the forced movement of livestock into the Kansas City market and the depressed prices, and I urged that you give immediate consideration to plans for emergency action in order to avert a recurrence of the 1953 disaster.

In reply, I have just received a letter from Mr. K. L. Scott, Director, Agricultural Credit Services. The statements in this letter are nothing short of astounding.

The letter states that the Department of Agriculture has been "closely watching conditions in the cattle industry" and that "we shall continue to watch the situation carefully." The letter also contains the following paragraph:

"Cattle marketings are large but they are not out of line with the record numbers on farms and ranches. The large marketings at this time do not indicate forced liquidation of cows or other classes of cattle in such numbers that would immediately necessitate the Department's resuming beef purchases as a surplus removal operation. Prices of most classes of cattle have continued above last year. Also, storage stocks of beef continue smaller than usual, so that there is no price-depressing influence from that factor."

The facts of the matter indicate quite the contrary. Prices are not steady and they are not above last year as Mr. Scott reports them. May I refer you to page 554 of the Department of Agriculture Livestock Market News for July 13, 1954. You will see that the prices of cattle in which marketings are affected by the drought are considerably under 1 year ago. For example, let me cite the following figures for the weekend of July 10 of this year as compared with the weekend of July 11 of last year.

The figures from the Kansas City market indicate that heifers are down from 50 cents to $1.88 under last year. Commercial cows are down from $13.28 last year to $12.50. Utility-grade cows are down from $11.95 last year to $10.40. Canners and Cutters are down from $9.72 last year to $8.38. Bulls, Utility and Commercial, are down from $13.68 last year to $12.70. Calves, Choice and Prime, are down from $18.70 to $16.94. Calves, Commercial and Good, are down from $14.75 to $13.31.

In addition, I would call your attention to the enclosed item from the Kansas City Star of Monday, July 19, 1954, which indicates that the classes of cattle affected by the drought continue to decline: Commercial grade cows brought up to $11.25, a decline from last week; Utility grades brought from $9 to $10, again down from last week; and Canners and Cutters sold mostly at $6.50 to $8.75, also a decline. That these figures indicate excess marketings of drought-distressed animals is clear from the fact that 1 month ago prices were as good or a little above 1 year ago.

There are some indications that farmers have been holding off cattle from the market a few days longer in the hope that the Government would implement its beef-buying

program. Meanwhile, Governor Donnelly has certified the entire State of Missouri as a major disaster area.

This is a situation which assistance should have been started some time ago, and should not now be delayed a single hour that is unnecessary.

Sincerely yours,

THOMAS C. HENNINGS, Jr.,
United States Senate.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., August 4, 1954.

Hon. THOMAS C. HENNINGS, Jr.,
United States Senate.

DEAR SENATOR HENNINGS: This is in reply to your letter of July 21, calling our attention to an error of fact in our earlier letter, where we discussed the level of cattle prices compared with a year ago. In our letter we stated that "prices of most cattle have continued above last year."

During the week immediately prior to our letter cattle prices, generally, had become lower than a year earlier, as you indicated. However, this came about largely because of a sharp increase which occurred in cattle prices during the first half of July last year, rather than as a result of a decline in prices during that week this year. For several weeks, particularly during April, May, and most of June, prices of most classes and grades of cattle continued fairly stable and above prices of a year earlier.

Most of the weakness in cattle prices in the past few weeks has been in the lower grades of cattle. However, prices for such cattle have strengthened considerably during the past 2 weeks.

Most of the complaint which we have recently received on cattle has been based on prices for low-grade cows. Much of the marketing of such animals comes about from normal culling of wornout breeding stock, some of which has been marketed earlier than normal because of weather and crop conditions. Dairy castoffs comprise a substantial proportion of these old cows. Too often the condition of the cattle industry and of the cattle market is measured by price trends for those animals which bring the lowest prices. Perhaps a more appropriate measure of the health of the industry would be the price for cattle which are the primary product of the industry and from which is produced the beef so much desired by consumers and upon which the welfare of the industry depends.

The Department has already moved to provide assistance to farmers in several areas. In areas which have been designated drought-disaster counties, farmers and ranchers now are eligible to participate in the emergency feed program if they require assistance to maintain their basic livestock herds. The Department is prepared to join with drought-designated States in a Federal-State cooperative hay-distribution program similar to last year's. Also, loans are available through the Department to help farmers and stockmen meet their credit needs for feed, seed, replacement livestock, and other operating necessities. The Department stands ready to take steps to help the cattle industry by the resumption of a beef-purchase program if emergency conditions become such as to warrant that action.

Sincerely yours,

K. L. SCOTT,
Director, Agricultural Credit Services.

Mr. HENNINGS. Mr. President, I now yield the floor.

AGRICULTURAL ACT OF 1954

The Senate resumed the consideration of the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes.

Mr. CASE. Mr. President, whenever we consider farm legislation, I have a feeling that this is where I came in before.

The first Congress of which I was a Member was the 75th Congress. I recall that in the fall of 1937—the fall of the first year I was a Member of the House of Representatives—there was a special session of Congress, for the particular purpose of considering the farm problem and general farm legislation. That grew out of a decision by the Supreme Court of the United States holding that the original triple-A legislation was unconstitutional.

So Congress deliberated for 2 or 3 months in special session, and finally arrived at the Domestic Allotment Act. It was presented in the House of Representatives, as I recall, by a distinguished Representative from Texas, who now is chief of the courts of appeals, the Honorable Marvin Jones. That act carried us along until we got into the war. Once we got into the war, our needs changed; we then had need for maximum production.

I recall the day when Representative JESSE WOLCOTT, a very highly respected Member of the House of Representatives, came into the lunchroom and said, "We have just written a farm bill in conference." He had been attending a meeting of the conferees on the bill providing for extension of the Commodity Credit Corporation. What he referred to was what later became known as the Steagall amendment, which provided for a support program based on 90 percent of parity.

At that time the support program was intended as an inducement, to insure that we would have adequate production of food and fiber during the war. After the war was over, we ran into a different type of problem, namely, that created by the reentry of such countries as France and Italy into the production of wheat. They began to produce some of their own wheat. For a few years after the war, while the dislocation of farming existed throughout the world, we had an outlet, by means of the funds provided for operation of the so-called Marshall plan. As I recall, at one time were exporting approximately 350 million bushels of wheat. I think that was largely financed by some of the funds under the Foreign Aid Act, known as the Marshall plan or the ECA Act.

Then, in 1948–49, we found that our exports were commencing to taper off, in the case of some of the basic farm commodities. So we were confronted with a storage problem. I recall the legislation in the House of Representatives, when we were considering an amendment submitted by Representative PHILLIPS, of California. I made some contribution to that amendment, by way of an amendment to it, to encourage the storage of basic commodities on the farm. We provided that there could be paid to the farmer who stored under seal on his farm, some of the storage feeds which otherwise would have gone to speculators at the terminal markets. We felt it was much better to encourage storage of a normal reserve on the farm, where it would be more readily available in case the farmer himself needed it, rather than to glut the market at the terminals, and thereby weaken the price and let the speculators obtain advantage of the situation when the price leveled out; when the peak supply had been taken care of somewhat by the outlets in the market. I believe that was in 1949.

In the fall of 1949, I made some remarks in the House of Representatives. I looked at them just the other day. They were made on October 19, 1949. I said:

> Mr. Speaker—

Of course, I was then addressing the presiding officer of the House of Representatives—

> of course I am voting for the adoption of the conference report, as anyone who knows anything about the situation knows it is the only legislation which can be had at this time—and something is needed.
>
> At the same time, this must not blind us to the need for more than a program of price supports if we are to have a truly long-range farm program.
>
> Storage and loans help but will not solve a succession of bumper crops in hybrid corn, rustless wheat, and weevil-free cotton.
>
> Support prices are no long-range answer to high yields in perishable fruits, vegetables, and dairy products.
>
> Any program which depends upon an unlimited flow of money from the Federal Treasury will fall of its own weight in time. Temporary help—yes; but a solution which carries the seeds of its own destruction.

Mr. President, at this point I interpolate for a moment, to say that in 1949, the conference report to which I was referring was, of course, on the extension of the support program, which was provided for in the 1948 act. I am sure that in the debate on the bill now before us, many references have been made to the 1948 act, which carried into law for the country the proposals of the Democratic administration.

The distinguished senior Senator from Vermont [Mr. AIKEN] will recall that in 1948, in mid-June, he and his associates of the Senate and the conferees from the House of Representatives were meeting in conference on the Agricultural Act, which I think came to be known as the Hope-Aiken Act, which proposed a flexible scale of supports, but which deferred their effective date for 1 year. I see that the Senator from Vermont now nods his head, so I believe that my memory on that point is correct.

Mr. AIKEN. That is correct.

Mr. CASE. Then, in 1949, we again postponed the date when that program would be effective. It was to the conference report on that subject that, I believe, my remarks on October 19, 1949, were addressed. As I pointed out then:

> Support prices are no long-range answer to high yields in perishable fruits, vegetables, and dairy products.
>
> Any program which depends upon an unlimited flow of money from the Federal Treasury will fall of its own weight in time. Temporary help—yes; but a solution which carries the seeds of its own destruction.

Mr. President, as I have observed the debate on the bill now before the Senate and as I have followed the entire course of our discussion of agricultural legislation in the past several months, it has seemed to me they have provided many echoes of the thoughts some of us had at that time, for I then said—and I now continue to read the remarks I made in the House of Representatives on the conference report:

If anything has been learned in 30 years of war and postwar farm legislation it is this:

First. A cushion is needed when war-spurred production adjusts itself to a peacetime economy.

Second. A permanent program must be self-financing.

Third. Farmers want and deserve a continuing program of soil conservation which they themselves plan and in which they have a real voice. This most independent group of people in any country is the very soil of free institutions.

Fourth. Farmers do not demand a United States parity price for what is sold abroad but they do rightfully expect a price for what is domestically consumed that is comparable to the protected price for what they have to buy. And they do expect the American market.

I concluded then by saying:

While we do what we can today, we must continue to study and strive to work out a truly long-range farm program. We must not put it off.

That was said on October 19, 1949.

My words then can be repeated today. We seem to be in a similar situation. We must extend, and I shall vote to extend a temporary solution while we redouble our efforts to find a more enduring answer.

We should not, in my opinion, risk the jolt to our entire economy that a change in the support program could bring while the farmer still has to buy in a war-priced market.

Of course, the following spring we had the invasion of Korea, and immediately again war entered the situation and the demands of a war-shattered world changed the picture as far as agricultural surpluses were concerned, and created a different situation.

Now, the war in Korea is over, and I am one of those who will not accept the idea that we can solve agricultural surpluses only by plunging the world into war.

I am not one of those who believe that with the number of people in the world who do need food it is necessary to create the excessive shortages of food in certain places that wars do create in order to find a solution to the problem.

There are constructive solutions. I have already made reference to the attack that was made upon the storage problem in 1949, the so-called Phillips amendment, which was important in meeting that problem.

During the past year, very definite steps have been taken to meet the storage problem even when the supplies have climbed to the point they now have reached.

I have in my hand a copy of the Washington Daily News for August 8, 1954, and I have an article here by James Daniel, of the Scripps-Howard staff, in which he points out that this year and last the Republicans have added 300 million bushels of Government-owned corn-storage bins to the 500 million which they inherited, and that 50 million more were on order, if needed.

Further, that the Government has loaned farmers enough money to build 36 million bushels of storage capacity on the farms, and they have arranged for farmers to get the same fast tax write-off's given industry in deducting storage-bin costs from current tax-free income.

That is the point which I think has not been fully realized in the country yet, and that is that one of the measures of relief in the tax bill is the recognition that buildings and machinery which farmers acquire this year can be written off with the same rapid rate of depletion that is accorded business investments in plant and equipment.

Third, the Republicans have signed minimum occupancy guarantees for 201 million bushels of new commercially owned elevators. This costs the Government nothing, unless in future years the Government-owned stocks of the past years' grain fall so low that the Government cannot use all of the reserved space.

Fourth, Mr. Daniel lists more "demothballed" World War II Liberty ships on the east and west coasts to be used as floating granaries.

He lists the announcement of the Republicans early this year that they would make temporary loans on wheat stored on the ground outdoors. This opened up commercially owned storage space that was being held for speculation.

Last year, to meet a temporary emergency, the administration found it necessary to waive the weight requirements and to lend on much underweight wheat damaged by stem rust. The increase in storage facilities, of course, is a contribution. But there comes a time when we cannot continue to store. Figures have been cited as to the amount of stocks on hand of the various commodities, both perishable and nonperishable. If we break down the figures into months and days and assume that all new supplies might be cut off, some of the supplies are not very large. Yet it must be recognized that if we are to meet this problem constructively and not merely turn to the Treasury when we reach a critical situation efforts to find other answers are warranted. Basically, I have a belief that the normal increase in population in this country will bring us to a point within the next 10 or 15 years when all the present talk about surpluses will seem like a voice from a different age.

Our population is now increasing at the rate of 2,700,000 a year. It is difficult to realize just what the increase in population means in times of demand for new foodstuffs. We have had a great increase in population in the past 9 or 10 years, largely an increase in infant population.

But the babies of 1945, 1946, 1947, 1948, and 1949 are now reaching the point where they are demanding a different type of food. They will be eating more meat and more of the foodstuffs that adults consume.

We have a forecast of a population increase of 2.7 million a year for the years ahead. That means that in 15 years' time the population of the United States will increase by an amount approximately equivalent to the population of a country like France.

When that point is reached, the domestic demand will be such that what we think of as a surplus today could be a deficit then.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from Kansas.

Mr. CARLSON. The Senator is making a very excellent statement on some of our farm problems. Inasmuch as he was kind enough to yield, I should like to discuss this subject with him for a few moments. The Senator has mentioned the fact that the present situation is such that we might well look around to see if there is some other program or other possible method of handling the ever-increasing surplus.

I sincerely regret that the pending bill does not contain a provision giving the wheat farmers an opportunity to vote on whether or not they would prefer a two-price system for the marketing of their crop, or whether they would prefer to continue the preseent programs of price support and production controls.

Every wheat grower must agree that if we are to have rigid price supports, we must have acreage or other production controls. We are now operating under that plan.

Mr. CASE. Mr. President, if the Senator will permit me to interrupt, one of the most plaintive letters I have received in a long time I received yesterday from a farmer near Carter, S. Dak. It is three pages long. In this letter he tells what the prospective cut in acreage allotments would do to farm incomes this year and next year. Thirty-eight percent of his acreage was being taken away under the curtailment of allotments, and even though prices per bushel were supported, his total income per farm would be reduced by reason of his losing 38 percent of his acreage. So he will not have a parity income.

I ask unanimous consent to insert this letter in the body of the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CARTER, S. DAK., *August 1, 1954.*

Hon. FRANCIS CASE,
Senate Office Building,
Washington, D. C.

DEAR SIR: In the press of work I hope that you will be able to find time to consider what I hope is constructive criticism of the manner in which the present farm program and allotments operate when it gets down to one farmer.

First, my wheat base for the coming year has been cut 38 percent over last year, and that is, of course, my immediate reason for this criticism. However, it is only the immediate reason, as I am and have been convinced for a long time that the present manner of trying to control farm production is not only apparently impractical but it is unjust and unfair to that large segment of the farm population that can be called the family farm.

First, no consideration is given to the fact that a certain basic income, derived from the farm itself, is as essential to the small farmer and his family as it is to the large. When cuts are going around the 100-acre man loses the same percent as the 1,000 farmer, and he is the man who can least afford to have his income cut. His needs and just desires short of luxury probably require the use of all of his farm while the large operator needs only a fraction of his for this purpose.

Why is not provision made in the law for this indisputable fact? Why is not the cut taken in direct relation to the ability to survive a cut?

I would like to suggest for your consideration a sliding percentage cut similar to that imposed on income-tax rates. With a basic exemption on which no cut was permissible. I would call this a basic living allotment and put increasing cuts on each multiple of this base.

Second, the farmer who has operated with care and consideration for his land is penalized in the matter of allotments. If he has farmed in a conservationally minded manner, he has a history of rotation and legume and grass, as well as wheat, but when it comes to write the allotment for that farm, he is penalized for his proper farming methods and the man who has wheated his land to death without consideration for the future has a big wheat history and a big wheat base, which, in view of present circumstances, is worth more than the land itself.

The man who has tried to go along with past farm programs and approved farming practices is left holding the bag for his effort. This is not being very fair to him. Sort of like rewarding the robber and jailing the cop.

Lastly, it begins to look like all farm commodities will eventually go under a quota system with cross compliance required. I have tried for a long time to interest anyone who would listen in consideration of an allotment in bushels rather than acres. Bushels is what we sell, it is one farmer's fair share of the market. If this were instituted then the management of surpluses would become the farmers' concern and responsibility and not that of the CCC. The need for the coming year would be set by the Secretary, this would be apportioned out to each producer. As I mentioned above, the basic allotment would not be cut, but for the increasingly larger farmer each multiple of this base would be cut more on a sliding scale. This grain would go into commercial channels exactly as it did before CCC became about the sole purchaser of farm commodities. If a producer raised more than his allotment one year he would hold it over till such time as he did not raise enough to make his allotment, eventually as it became overburdensome he would just cut his production. It would also act as a sort of self-required insurance guaranteeing him every year the sale of so much grain, not just the sale from so many acres which could be nothing.

I do not pretend to think that I have many of the answers, but to date I have not been able to find anyone that can find too much of a flaw in this idea. I am very curious to know why it has never been considered at any high level, at least to my knowledge.

I think Mr. CASE that I am reporting to you the consensus of a lot of my neighbors and fellow farmers across the Nation. Our plight is not only economic but politic. We like the kind of government we got 2 years ago. However, when self-interest becomes too strong we are apt to be more considerate of it than of our better judgment. Irresponsible persons will promise anything and sometimes one gets to the place, if he thinks he has been hurt beyond his fair share, where he believes it.

I think there is a lot of dissatisfaction in the farm country. I think a lot of it is caused, not by the necessity of taking a fair share of the cuts in production, but more so because some are penalized while another, through a quirk in the regulations, is given a bonus.

I do not think that it was intended for this to be so and I think that it is proper that it be brought to the attention of the men who make our laws. These inequities and injustices should and must be eliminated if our confidence is to remain where we would like it to.

I have tried to be constructive, not critical. I have the facts to substantiate some of the general allegations I have made but they are of personal concern only to me and I refer to them only as a basis for my suggestions as to how I think they can be corrected. The local ASC manager, Mr. A. J. Frantz, assures me that his day is a succession of farmers, like myself, who have been caught in one or more inequities in the regulations that penalize them out of all proportion to the average cuts required. Thirty-eight percent of your main source of income from the farm is too big a cut to be enjoyed or justified. I know of some larger.

Ninety percent of parity or any other percentage does not help the man who has lost his share of the acres to produce the commodity protected.

If my one small voice of protest were multiplied by all who have found themselves in the same predicament, I am sure that it would be heard, Mr. CASE, and my hope is that you will lend your influence to others from the farm States to write a better farm program that protects the small family farmer.

Yours truly,

WM. G. MATOUSEK.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. CASE. I yield.

Mr. CARLSON. That is typical of the letters I have been receiving from my own State. The situation is especially hard on the small farm operator who has an average-acreage reduction. The reduction affects him very seriously.

I realize that there are some difficulties involved in trying to devise a two-price system for any commodity. The most important objection will be to the marketing of our wheat in the export markets at a price which the importing countries will pay, or at a price far below that of the domestic market.

One of the charges with which we shall be confronted immediately is that under our international trade agreements we are dumping our wheat into the world market on the basis of whatever price we can get for it, thereby upsetting the entire marketing system for the sale of wheat.

On the other hand, we have been subsidizing the export of our wheat to the extent of some $600 million in the past 4½ years, and on that basis we are also dumping our wheat into the world market.

Mr. CASE. And promoting the payment of export subsidies in Canada and other places in order to meet our commitments.

Mr. CARLSON. I am in thorough accord with the statement the Senator from South Dakota has just made. Under the present program, it seems to me that serious consideration must be given to the continual reductions in wheat acreage. At present we have a wheat acreage of 55 million in the United States. If we get back to the point of normal production and consumption we shall probably operate on a basis of 35 million acres. In Kansas that would mean instead of from 11 to 13 million acres in wheat we might get down to 7 million acres.

I think everyone must agree that that is not sound economy for Kansas. It is not sound for the Nation. As I have previously stated, we have some problems in that connection; but the program is one of the things I think we ought to look into. I urge the distinguished chairman of the Senate Committee on Agriculture and Forestry [Mr. AIKEN], who is now present, to go into this subject and see if some plan can be devised to give the farmers an opportunity to vote on the program.

Mr. CASE. I think the Senator from Kansas has made a constructive suggestion. The opportunity for farmers to say whether they would like to have bushel quotas instead of acreage quotas is something that ought to receive consideration. I see two members of the Committee on Agriculture and Forestry on their feet. If the Senator from Minnesota, my neighbor, will permit me, I should like to yield first to the distinguished chairman of the Committee on Agriculture and Forestry, the Senator from Vermont.

Mr. AIKEN. I thank the Senator. I am very much interested in the colloquy between the Senator from South Dakota and the Senator from Kansas. I have never ruled out a two-price system for marketing quotas as not having possibilities. In fact, if a two-price system is feasible for our farm commodities, it is probably more feasible for wheat than for any other commodity.

I am not prepared to endorse the program as it is written into the bill as passed by the House, because, frankly, I think that provision is not too well understood. I do not believe it would give the wheat grower quite as good a standing as he has today in the economic field. I realize that both the President's advisory committee and the Department of Agriculture have strongly advised against it in its present form.

The Committee on Agriculture and Forestry has not received much testimony on the subject. I believe that in the course of the hearings one witness devoted considerable time to the two-price system, and it was mentioned by some other witnesses. However, it is something we should go into thoroughly before we either make it a matter of law or give the wheat growers of the land the right to vote it into law.

For example, I believe most wheat growers understand that if they have a two-price system they will then not be restricted in their production. That is not true under the House bill. Under the House bill they might be required to comply with allotments, just as they are required to do now. The Secretary of Agriculture would fix the allotments. I do not believe that many wheat growers realize that they would have to do so.

I hope to see the time when wheat growing gets back into areas that produce the right types of wheat. During

recent years there has been a great expansion of wheat growing in the Eastern States. I believe Missouri and Illinois have greatly increased their wheat production. Illinois has expanded its production by about 50 percent, and other Eastern States have expanded their production by a smaller percentage. Unfortunately, they do not all produce the type of wheat which is needed for human consumption. In fact, they are following very closely the potato program, in trying to see how much they can produce per acre, and they do not produce a very great deal of the type of wheat which has the highest milling qualities, such as the wheat produced in the States of South Dakota, North Dakota, and Kansas, where the best wheat is grown.

I have stated repeatedly that at the beginning of next year I shall be glad to support a move to look more thoroughly into the question of a two-price system for wheat. I believe that if Congress were to enact the program at this time we would be in for considerable trouble.

For example, the corn growers are apprehensive. That is the situation today. Certainly we should know more about the subject first.

Mr. CASE. I hope when the distinguished Senator from Vermont takes up the two-price system study, the members of his committee will give serious attention to the possibility of using marketing quotas in terms of bushel allotments rather than acreage allotments.

Mr. AIKEN. We have found that acreage allotments do not necessarily reduce crops. We learned that in connection with potatoes. Every time we reduced the acreage more potatoes were produced.

Mr. CASE. That may be; but in some areas wheat is a restricted crop.

Mr. AIKEN. That is correct.

Mr. CASE. In a dry year such as this has been, that is very evident. If we made it possible for an individual farmer to have a sort of ever-normal granary on his own farm, it would perhaps tend to level out his income, and perhaps it would be much fairer than to make allotments based on acreage.

Mr. AIKEN. I readily concede that we might have to come to marketing quotas based on bushel allotments, rather than acreage allotments.

Mr. CARLSON. Mr. President——

Mr. CASE. I yield to the Senator from Kansas.

Mr. CARLSON. I appreciate the Senator's yielding to me briefly for a question. I am glad to hear the comment of the distinguished Senator from Vermont, the chairman of the Committee on Agriculture and Forestry, to the effect that he hopes to go into the question thoroughly next year. Undoubtedly it is a subject which should be studied. As I stated in my opening remarks, it presents some very serious problems, but so does the present program. When we accumulate 870 million bushels of surplus wheat and use for domestic purposes probably less than 750 million bushels, we are faced with a very serious problem. I am indebted to the distinguished chairman of the committee.

Mr. THYE. Mr. President——

Mr. CASE. I yield to the Senator from Minnesota.

Mr. THYE. I have been intrigued by the colloquy between the junior Senator from Kansas and the Senator from Vermont.

The senior Senator from Kansas [Mr. SCHOEPPEL] and I discussed briefly last night the question of the two-price system. It is my conviction that if the agricultural economy of the Nation is to be kept in balance with the other segments of our economy, we must institute a two-price system. Inasmuch as the economy of our country is higher than that of the other nations of the world, the agriculture of the United States should enjoy the same level that other segments of our economy enjoy. If that were the case, we would have to arrive at what percentage the production of wheat should be, and what should be the percentage of production of the other crops that go to supply our domestic needs. If 10 percent or 15 percent or 20 percent of any given crop production goes to supply our domestic needs, the production above that amount is the surplus or the exportable quantity. I believe that any agriculturalist would be perfectly willing to let the exportable quantity find its place in the world market, so that the rest of the world, whose monetary economy is lower than ours, could enjoy the benefit of the surplus which we export.

In that manner we could maintain stability in agriculture, and also maintain a balance as between agriculture and the other phases of our economy. At the same time, our surplus would be at a level at which it could go into the markets of the world.

I sincerely believe that we have spent too much time in the question of whether we should have 90 percent or 85 percent or 75 percent of parity. At the same time, we have been blind to the other possibilities in agriculture. As we conclude the arguments on the question before us by legislative enactment, we should focus our attention on something new and constructive.

The late John Brandt, president of Land O' Lakes, constantly advanced the theory that the dairy industry could take care of itself if only it would inaugurate a program of self-help so far as dairy producers are concerned.

I am happy that the Senator from South Dakota has raised this question. If we go into such a program, there is no reason why we cannot find a way of making our surplus a blessing to mankind instead of being confronted with a question which men will debate with so much heat and fervor on the floor of the Senate as in the case with the pending bill. I thank the Senator from South Dakota.

Mr. CASE. I am particularly grateful to the Senator from Minnesota for his contribution to the debate, with respect to dividing the crop between what we need and what is to be sold abroad. He emphasizes what I said earlier when I called attention to what I said in October 1949, namely, that if anything has been learned in 30 years of war and postwar farm legislation it is included in the four points I made at that time.

The fourth point I made was that farmers do not demand a United States parity price for what is sold abroad, but they rightfully expect a price for what is domestically consumed that is comparable to the protected prices of the things bought by them.

Mr. THYE. If the Senator will further yield, one quality I have admired in the distinguished Senator from South Dakota is his ability to make a complete analysis of a question, and his firmness and courage in carrying out his convictions. I have noted that quality in the years he has served in the House and in later years in the Senate. The Senator's statement in the House in 1948 showed conclusively that he recognized the problem which confronted us, and that we had a responsibility to try to keep farming in balance with all other phases of our Nation's economy, and find a way to use the surpluses we produce.

Mr. CASE. The Senator from Minnesota is very generous and kind in his remarks.

Mr. YOUNG. Mr. President——

Mr. CASE. I now yield to my neighbor from the north, the distinguished Senator from North Dakota, who is a member of the Committee on Agriculture.

Mr. YOUNG. I thank the Senator very much.

We have been studying the principle of a two-price system for 25 or 30 years. There is nothing new in it. The Department of Agriculture, under Secretary Benson's direction, studied it most of last year, and I understand that his wheat advisory committee recommended it unanimously.

If we really mean that we should not price ourselves out of the world market, the two-price system is desirable.

The two-price system has many other good qualities. Under the two-price system greater recognition, pricewise, is given to the quality of the wheat. We have that authority under the present law, but both the present and the past Secretaries of Agriculture have failed to give proper recognition to the quality of wheat, as authorized under the law. A little differential was made this year, but the Department of Agriculture announced recently that it will withdraw that.

As I see it, there is nothing in the flexible-price-support program that will bring the wheat acreage back to Kansas and North Dakota again. What is there in the proposal which would accomplish that? There is nothing. If we establish the right kind of price differential, which can be done under the present law, and give higher price support to high quality wheat and lower price support to lower quality wheat, much of which is not of milling quality and will never be milled, then, and only then, will the wheat acreage return where it belongs—to the wheat-producing States.

What is there in the flexible-price-support program that would put the acreage back there? If it were found possible to raise wheat in Maryland under 90-percent support, and the support

were lowered to 75 percent, Maryland would have the same rights under the reduced support program that North Dakota and Kansas would have.

I think it is high time that we give more consideration to a program that will recognize the various qualities of wheat. I think it is high time for us to give more consideration to the two-price system. The House has done a good job in that connection; and I am perfectly willing to give the farmers the right to say whether they themselves would prefer such a system to the present program.

I thank the Senator.

Mr. CASE. Mr. President, the Senator from North Dakota has rightly pointed out that not all is wheat that looks like wheat, so far as the kernel is concerned. There is a difference in the quality of wheat. One kind of wheat makes good milling wheat; another is hardly useful for much more than feed. A distinction in wheat is in order when we talk about wheat.

Addressing myself directly to the two-price system and the practical problem involved, my earliest memories on the subject of farm legislation run back to the time when, as a boy or young man, I heard discussion of the McNary-Haugen Act. That was essentially a two-price system. It was vetoed I think primarily because of the fear that it would involve the charge of dumping, as well as other problems of workability.

As we have tried, even in more recent years, to sell agricultural surpluses abroad, except for those that have been financed out of the United States Treasury, we have run into this problem: The International Wheat Agreement worked very well while there was a shortage of wheat abroad, but as soon as France and Italy got back to producing all of their wheat—I was surprised last year when I was in Turkey to learn that Turkey now is on an export basis so far as wheat is concerned—we recognize that we run into the question of dumping and competitive prices and the problem of getting the wheat where it is needed.

One problem is a technical one. How is a proper price determined under a two-price system? How much can be taken for it in dollars? When one thinks about that, his mind runs back to the fact that the primary problem of international trade has been to sell things abroad and collect dollars, and not buy anything abroad in return. In connection with those problems we have run into so much difficulty that I have tried in my poor way to find some answer to the problem. How can we make a two-price system work? How do we find some way to take what the other country can give—a country which is ready to buy, a country which needs some of our agricultural surpluses, and yet does not have the dollars to pay for them?

One clue—and I submit it merely as a clue—came to my attention in a strange way a little more than a year ago. In February of 1953, a year and a half ago, General Van Fleet was testifying before the Armed Services Committee on the situation in Korea. He happened to make the remark that the South Korean soldier who was guarding the North Korean or Red Chinese prisoners was eating a poorer diet than was being fed to the prisoners he guarded. I asked him why that was. He said it was because, under the Geneva Convention, to which the United States was a signatory, we had the responsibility of seeing that the prisoner got a fare comparable to that of the lowest grade enlisted man in our own Army. Consequently, we had to provide a diet for the prisoner which was higher in caloric value than the diet of the South Korean soldier who was guarding him.

Then it occurred to me that we had a job of rehabilitation in Korea. We had spent hundreds of millions of dollars to rehabilitate Japan and Germany, enemy countries, after the war. We could hardly leave Korea in a shambles.

I said to General Van Fleet, "Suppose we were to provide some food for South Korea, which is short on foodstuffs." He had told us of the South Korean soldier who went off to war, to his duty, leaving behind his family, not knowing how that family was to be fed. There was high inflation in Korea and a shortage of foodstuffs. It occurred to me to suggest that we sell some of our surplus foods to Korea for some of her paper currency, and then take that paper money of Korea and use it, when the time for rehabilitation came, to employ South Koreans in the rehabilitation of their own country, rather than spending dollars for that purpose.

That seems to me to be a possible answer to the problem we have always had, when we talk about selling agricultural surpluses abroad, of demanding dollars in return for what we sold. How can a 2-price system be made to work? By changing the price when we sell abroad, or by selling abroad at a price which the buyers are willing to pay and accepting their currency in return. When we receive that currency, what are we to do with it? That becomes a problem. I have addressed myself to that problem, and I wish to develop the subject at some length.

In order that full emphasis may be given to the development of the idea of using foreign currencies as the return we get for agricultural surpluses sold abroad, I asked the Library of Congress to make a review of the bills which have been introduced on that subject. I have in my hand a communication from the Library of Congress, dated July 9, 1954, prepared by Mr. Samuel H. Still, of the American Law Division of the Legislative Reference Service, under the subject: "Chronological History of Legislation Proposing the Exchange of Surplus Agricultural Commodities for Foreign Currencies."

The memorandum reads as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
AMERICAN LAW DIVISION,
Washington, D. C., July 9, 1954.

To: Senator FRANCIS CASE.

Subject: Chronological history of legislation proposing the exchange of surplus agricultural commodities for foreign currencies.

The first bill providing for exchange of surplus agricultural commodities for foreign currencies was S. 1230, offered in the Senate during the first session of the 83d Congress, on March 9, 1953, by Senator CASE on behalf of himself and Senator MUNDT. S. 1230 provided for the sale of surplus domestic supplies of wool, cotton, grains, dairy, poultry, and meat products to the Republic of South Korea, payment to be made in the local legal currency of that Republic.

After the original bill (S. 1230) had been introduced the idea of exchanging our surplus commodities for foreign currencies was discussed at length during the many hearings of the Agricultural Committees of both the Senate and the House. Several similar bills were introduced, and the Senate on July 1, 1953, adopted the McClellan amendment to the mutual security bill (S. 2128), which was subsequently rewritten in conference to become section 550 of the Mutual Security Act. The McClellan amendment, modified by the Case proposal to include livestock (meat and meat products), provided for the purpose of between $100 million and $250 million worth of surplus agricultural commodities to be held by the United States to friendly countries for foreign currencies (sec. 550 of the Mutual Security Act of 1951, as amended, by Public Law 118 (H. R. 5710), 83d Cong., 1st sess., July 16, 1953).

Since the introduction of S. 1230 by Senator CASE on March 9, 1953, the following bills providing for use of foreign currencies for the purchase of our surplus agricultural commodities have been introduced:

March 11, 1953: Senate Joint Resolution 56, to provide for creation of an international food reserve.

March 12, 1953: House Joint Resolution 224, to provide for the creation of an international food reserve.

March 18, 1953: S. 1396, to establish a Foreign Trading Division in the Commodity Credit Corporation in order to promote the disposal in foreign countries of surplus agricultural commodies.

March 18, 1953: H. R. 4087, to amend the Agricultural Act of 1949 to authorize the Secretary of Agriculture to sell certain agricultural commodities to the Republic of Korea, and for other purposes.

June 4, 1953: S. 2048, to provide for the use of surplus agricultural commodities in paying for offshore purchases of military supplies and other goods and services.

June 10, 1953: S. 2112, to provide for the transfer of price-support wheat to Pakistan (counterpart fund of only 5 percent of receipts by Pakistan Government from those able to pay); H. R. 5659 (companion to S. 2112); H. R. 5660 (identical to H. R. 5659); H. R. 5661 (identical to H. R. 5659).

June 11, 1953: S. 2127, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual security program.

June 15, 1953: H. R. 5714, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual security program.

June 26, 1953: H. R. 5954, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual security program.

June 29, 1953: the McClellan amendment to S. 2128 was presented in the Senate, formally offered and adopted with Case modification July 1, 1953. (See Public Law 118, (sec. 550 of Mutual Security Act), 83d Cong.)

July 24, 1953: S. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the United States.

August 3, 1953: H. R. 6845, to authorize the President to use agricultural commodities to

improve the foreign relations of the United States.

All of the above bills were offered during the 1st session of the 83d Congress. During the second session, the following bills have been offered: H. R. 7875, 8267, 8268, 8269, 8270, 8271, 8278, 8327, 8396, and 9389.

SAMUEL H. STILL,
American Law Division.

Mr. President, I think that memorandum indicates the development of the idea of the acceptance of foreign currencies in payment for our surplus commodities. But the problem still remains: When foreign currencies have been accepted in payment to surplus commodities, what is to be done with the currencies, so that the United States does not become charged with dumping these products abroad, and so that there will not be procured with the foreign currencies products which will be competitive with some other segment of American industry?

In Korea, the answer seemed to be simple. Korean currency could be used instead of dollars in employing Koreans for the rehabilitation of their own country. That was a direct and quick answer to the problem in Korea. It is an answer which has not been employed as much as I think it should be employed. But I am happy by these remarks to place sufficient emphasis upon it, so that such a plan will be more widely used—namely, to use foreign currencies rather than dollars, to take care of expenses which are being incurred in one way or another.

Last fall, as chairman of the Subcommittee on Real Estate and Military Construction of the Committee on Armed Services, it was my responsibility to inspect several military installations abroad as well as proposals for installations. In connection with the trip, we visited Spain and French Morocco. We visited a number of other countries, too, but I mention these two because I wish to show the development of this idea there.

We were in Spain at the very time when negotiations were being completed for the right to build bases in Spain. We were in French Morocco shortly thereafter, and were confronted with the problem of building certain bases there, and providing houses for our soldiers, and for the families of our soldiers who had, or who were entitled to have, their families there.

It occurred to me that a great deal of Spanish labor would be employed before the project in Spain was completed. It occurred to me also that in French Morocco local labor could be employed in the construction of masonry houses. We saw some examples of masonry housing constructed by native labor. So the idea suggested itself that it might be possible to expend some foreign currencies in those countries in return for surplus commodities, in the procurement of things we would need.

So early in January I called a meeting of the subcommittee, at which representatives of the Department of State, the Department of Agriculture, and the Department of Defense were requested to be present, to consider how some of the surplus commodities might be used to pay the cost of some of our military construction in Spain. At the time we were in Spain, we noted that that country had been undergoing a very severe drought. It was thought that this spring Spain would need some additional food supplies, notably wheat. So I interrogated the representatives of the three departments concerned as to whether or not any steps were being taken to arrange for the sale of wheat to Spain, in order to meet the needs of that country this spring. I must say there was considerable indifference at the hearing when this subject was first presented. There was almost a ridiculing of the idea that anything substantial could be accomplished.

The representatives of the departments pointed out the difficulties saying that the United States was not immediately ready for construction; that only a relatively small amount of labor would be used in the first $40 million of construction in Spain; that it would not amount to much, and would not make much of a dent.

I tried to pin down Rear Admiral Jelley with respect to the amount of labor which might be involved in the first increment of construction in Spain. He said that possibly not more than $2 million worth of local labor would be used.

I pointed out to the representatives of the three departments, and also subsequently to the special representatives from the Foreign Operations Administration and the Department of State, that Spain needed wheat then—this past spring—and that the United States would have use for the pesetas which would be received for the wheat. I urged that interest be taken in the matter.

I presented the problem to the President, and earlier this year I placed in the CONGRESSIONAL RECORD a letter from the President of the United States, in which he expressed his interest. I think I said to the President that I was confident that the executive departments would not pay much attention to the possibilities in this field unless the interest of the President was expressed at a high level. The President assured me that his interest would be expressed, and it was expressed.

Shortly after the receipt of the letter from the President I was called on by representatives of the Department of State and the Foreign Operations Administration, who said that, under the President's direction, they would see what could be done.

I was kept informed of the negotiations at the various stages, and was advised eventually that an agreement had finally been worked out whereby $20 million worth of wheat would be sold to Spain by the Commodity Credit Corporation, and that an equivalent amount of pesetas would be received and would be kept by the Commodity Credit Corporation until such time as the Department of Defense could use an equivalent amount of pesetas to meet its needs in Spain.

So even though the immediate construction in Spain last spring or this summer might not require more than $2 million worth of pesetas, since the entire program could use more than that, nevertheless $20 million, possibly $30 million, in pesetas would be acquired by the disposal of surplus commodities.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. CASE. I welcome any comments the distinguished Senator from North Dakota wishes to make on this point.

Mr. YOUNG. The Senator from South Dakota is to be commended for the work he has done in arranging for the exchange of surplus agricultural commodities for things which the United States needed in Spain. I was interested in the Senator's comments about the reaction of the military and other Government officials when he first proposed the plan to them, and their response was that they thought the plan was impossible and unworkable.

Mr. CASE. If the Senator from North Dakota would consult the transcript of the hearings—I do not believe they have been published, but they are available in the Committee on Armed Services—he would be a little disappointed to observe the listless attitude shown by some of the representatives of the Departments with respect to the suggestion. They thought it was too impracticable, or that it would be a little too much bother; that it would be much easier for them to write checks on the Treasury, rather than to go to the Commodity Credit Corporation with dollars and to buy some foreign currency.

Mr. YOUNG. What the Senator has accomplished there could be accomplished in many other areas. I was very much interested to note what the Argentine Government did in the past year by way of increasing wheat exports. They have greatly increased their wheat exports. Almost all of the exporting was by way of a barter arrangement, somewhat similar to the arrangement the Senator has described.

Mr. CASE. Accentuated, I believe, by these preliminary steps, the Congress has passed what is now known as the Agricultural Trade Development and Assistance Act of 1954, now Public Law 480 of the 83d Congress. That law authorizes the President to establish operations authorized by section 550 of the Mutual Security Act of 1953.

Section 550 of the Mutual Security Act of 1953, enacted last summer, authorizes the use of $250 million worth of funds for the Mutual Security Administration for the disposal of agricultural surpluses.

The Agricultural Trade Development and Assistance Act of 1954 authorizes the disposal of $1 billion of surplus agricultural commodities; $300 million at the President's discretion, for the assistance of allies, and $700 million to be disposed of for foreign currencies.

Mr. President, under the authority thereby established, I think the Congress should take aggressive steps to utilize that money in ways which will not dissipate the foreign currencies, but which will invest them in assets of value to the United States.

Suiting action to the word, so to speak, the Senate Committee on Armed Services has reported a bill which is now

pending on the calendar of the Senate, to authorize the use of $75 million worth of foreign currencies to be acquired under the authority of that Agricultural Trade Development and Assistance Act in the procurement of military housing.

Mr. President, the Subcommittee on Real Estate and Military Construction of the Committee on Armed Services was requested by the chairman of the committee, the distinguished Senator from Massachusetts [Mr. SALTONSTALL], to consider the requests of the military services for procurement of military housing. This consideration was given to the matter a few weeks ago.

During the consideration of that subject, I raised the question of the possibility of using some foreign currencies for the procurement of military housing abroad. Our committee had been called upon to issue clearance for the guaranty of rental on housing units to be built by foreign capital abroad. Our study of that subject convinced me and my colleagues on that subcommittee, the Senator from Mississippi [Mr. STENNIS] and the Senator from Pennsylvania [Mr. DUFF], that we were extending the credit of the United States too far.

An act was passed a few years ago authorizing $100 million worth of guaranties to be extended to foreign investors of capital for the building of houses in continental Europe and other parts of the world, where we would guarantee a 95-percent rental occupancy of those houses for a period of years. A very limited number of guaranties was cleared by the committee for a 5-year occupancy at some centers where it was perfectly clear that we would have United States personnel, either military or civilian, since their presence would take care of the rental guaranty. But we were approached by representatives of the Department of Defense, who asked us to guarantee 95-percent occupancy of houses in French Morocco for a period of 10 years. The committee was not certain that that would be anything other than a guaranty of a gift to the builders of those houses.

Our study has indicated that with regard to the funds which this guaranty would seek to underwrite we would be guaranteeing an interest return of 8 or 9 percent to banks which would advance the funds for that housing. I do not believe that the American people, if they knew the circumstances, would want us to guarantee an 8- or 9-percent interest return to the French banks which would be providing money to put up the housing in French Morocco.

In addition, we discovered that the cost of housing constructed in such a manner resulted in the imposition of taxes, so that about 30 percent of the cost of those houses would be represented by taxes we would be paying, in the guaranty of rental for such a period. We have declined to give that guaranty.

At the same time, in our study we were impressed by the fact that soldiers who have their families overseas are entitled to a quarters allowance, and in some cases a cost-of-living allowance for the station to which they are assigned. Those soldiers would be putting up the money to pay for this guaranteed rental housing.

The argument has been made to the committee, "What difference does it make to you or to the Congress? These quarters allowance are paid to the soldiers, who then pay them out for housing. Why should we worry about whether capitalists who put up the money to build the houses get 9-percent return on their money, or whether the foreign government collects 30 percent in taxes for the construction under that arrangement? We are going to pay out the money in quarters allowances, anyway." We said, "We do not know that such a procedure is necessary."

So in the bill we reported to the committee, which has now been reported to the Senate, we included a section which in brief provides that $75 million worth of foreign currency acquired by the United States under the Agricultural Trade Development and Assistance Act of 1954 may be used to build military housing on these bases, and that such housing may be assigned as quarters to soldiers or officers, and that instead the quarters allowances being paid to them they will be transferred to the Commodity Credit Corporation to liquidate the foreign currencies used in the construction of those houses.

That process has several advantages. In the first place, the construction will cost at least 30 percent less than it would if it were done under the other system of guaranteed rental housing. Thirty percent of the cost will be saved.

In addition, the soldiers and the officers will have better housing. One of the tragic things about this guaranteed rental housing is that at the one project which is completed, at Chateauroux, France, there is shoddy housing, with small rooms. The housing is inadequate. It is not suitable.

If the quarters allowances are used to pay for that shoddy substandard housing, it is no blessing to the soldiers to get this money and pay it out for such housing. It is no accommodation to the soldier to be given a quarters allowance which he must pay out for substandard native housing.

The soldier would be much better off if he could get housing built under United States specifications, perhaps constructed by local labor, under the supervision of the construction agencies which would be assigned to this work and paid for by the foreign currencies. His quarters allowance would enable him to acquire the housing, but the quarters allowance would be paid to the Commodity Credit Corporation.

I call attention to the provision in this bill which is now pending before the Senate. It is section 407 of the bill, S. 3818. I ask unanimous consent, Mr. President, that the exact text of section 407, which I have summarized, may appear in the RECORD in my remarks at this point.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SEC. 407. The Secretary of Defense is authorized to construct, or acquire by lease or otherwise, family housing, in addition to family housing otherwise authorized to be constructed or acquired by the Department of Defense in foreign countries, to the value of $75 million through the use of foreign currencies in accordance with the provisions of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.).

The Secretary of Defense shall furnish to the Committees on Armed Services of the Senate and the House of Representatives a quarterly report, the first of which shall be submitted 3 months subsequent to the date of enactment of this act, setting forth the cost, number, and location of housing units constructed or acquired pursuant to the authority contained in this section during the 3-month period preceding the date of such report, and setting forth the cost, number, and location of the housing units intended to be constructed or acquired pursuant to such authority during the next succeeding quarter.

Appropriations of the Department of Defense otherwise available for payment of quarters allowances of personnel occupying such family housing shall be available for reimbursement to the Commodity Credit Corporation pursuant to section 105 of the Agricultural Trade Development and Assistance Act of 1954 in an amount equivalent to the dollar value of the currencies used.

Mr. CASE. Mr. President, I ask unanimous consent that the paragraphs from the committee report on that bill which appear at pages 4 and 5 of the committee report, entitled "Procurement of Family Housing Through Use of Foreign Currencies," may appear at this point in my remarks.

There being no objection, the paragraphs referred to were ordered to be printed in the RECORD, as follows:

PROCUREMENT OF FAMILY HOUSING THROUGH USE OF FOREIGN CURRENCIES

Section 407 of the bill authorizes the Secretary of Defense to procure family housing for military personnel in foreign countries through the use of foreign currencies, in accordance with the provisions of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.). The extent of this authority is limited to the equivalent of $75 million in foreign currencies.

The Agricultural Trade and Development and Assistance Act of 1954 authorizes the President to negotiate agreements with friendly nations for the sale of surplus agricultural commodities in exchange for foreign currencies. Section 104 of the act prescribes the purposes for which the President may use the foreign currencies that accrue to the United States from the sale of surplus commodities. Section 105 of the act provides that "any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used."

In order that the Commodity Credit Corporation shall not be unfairly charged with the cost of military housing, section 407 of this bill provides that appropriations otherwise available for payment of quarters allowances of personnel occupying family housing acquired pursuant to this authority shall be available for reimbursement to the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

The subcommittee has amended section 407 by adding a provision that the Committees on Armed Services shall be fur-

nished quarterly reports of the housing procured pursuant to the authority contained in this section.

Mr. CASE. Mr. President, I am about to conclude my remarks. I desire to express the need for aggressive action in dealing with the problem of our so-called surpluses in food, fiber, and agricultural commodities. I am convinced that whatever may be termed a surplus can be effectively used to procure things which the United States needs, which would not be competitive with other products produced in this country.

I have suggested these three specific instances in which the surplus commodities can be so used: In Korea by using the currency received in return for such surplus commodities to rehabilitate the country, which otherwise would require dollars; in Spain, to procure some of the military-base construction which we are already embarked upon and to obtain which we already have appropriated dollars to the extent that we could use Spanish currency for the procurement of local labor and supplies; and, third, in the procurement of military housing, as I have outlined.

A somewhat more imaginative project I have barely mentioned on a few occasions, and I shall not dwell on it here, except merely to mention it, namely, a sea-level canal across the Isthmus of Panama. Anyone who has looked at all into the situation at Panama must realize that the present canal—dependent, as it is, upon Gatun Lake—is vulnerable, in this day of atomic and hydrogen bombs, and that the United States must address itself to the problem of securing a sea-level canal. I am convinced, from studies I have made, that a great part of the labor which would be needed for the procurement of such a canal could be acquired by the use of foreign currencies, which, in turn, could be acquired as a result of the disposal of some of our surplus agricultural products. At a later date I expect to devote more time in addressing the Senate on that subject. In the meantime, I appreciate the indulgence of the Senate at this time.

Mr. President, I yield the floor.

Mr. LANGER. Mr. President, I desire to pay tribute to the very statesmanlike address just delivered by my distinguished colleague, the junior Senator from South Dakota [Mr. CASE]. In his approach to the subject he is most thorough, and he has gone into the matter over a very long period of time. I doubt whether any other Member of the Senate is better informed on the matter than is my distinguished friend, the junior Senator from South Dakota. It is a genuine pleasure to listen to him discuss this subject, with which he is so familiar.

I have known him for many years; and the longer I have known him, the greater has been my admiration for him and for the keen intellect he displays in dealing with the entire problem. He understands it from A to Z; and he is also most eloquent in presenting to this body his views, which he does in an extremely able and fine manner, on both the good and the bad aspects of this problem, which is so perplexing to so many of us.

Mr. CASE. Mr. President, will the Senator from North Dakota yield to me?

The PRESIDING OFFICER (Mr. LENNON in the chair). Does the Senator from North Dakota yield to the Senator from South Dakota?

Mr. LANGER. I yield.

Mr. CASE. The Senator from North Dakota is very kind in his remarks. Let me say that the first time I ever heard the distinguished Senator from North Dakota speak—I do not know whether he knows it—was at Rapid City, S. Dak., a number of years ago, before I became a Member of Congress. In that address, I heard the Senator from North Dakota tell of the personal experience he had with direct action in meeting a problem in North Dakota, when the farmers of North Dakota had a good crop of wheat, one year; but in those days they did not have adequate storage facilities, and did not have the present support program. He found that at harvest time the farmers of North Dakota were obliged to turn over their wheat either to the terminal markets or to the speculators; and he found that the farmers of North Dakota were selling their wheat for a pittance, in order to obtain money with which to pay their threshing bills.

Although I have never fully understood, and I do not now recall, the details of the steps the Senator from North Dakota took, my imagination was fired by the fact that he said, "You are not going to break the farmers of North Dakota by requiring them to sell their wheat at this price at this time"; and so he declared—by what authority of the North Dakota Constitution I have never quite known—but, at any rate, he declared an embargo on wheat, and made it impossible for the speculators to scalp the farmers of North Dakota that year.

So, in my consideration of these problems my imagination has always been fired by the idea that sometimes these problems require aggressive action and direct action and imaginative thinking.

Although I do not pretend to have, by any manner of means, the answers to all the problems, I do say to the Senator from North Dakota that his example has made me feel that these problems can be licked, and that we do not need to adopt an attitude of helplessness, or of merely turning to the Federal Treasury and saying, "We have to solve our problems by drawing on the Federal Treasury."

By imaginative thinking and resourceful action, these problems can be solved.

Mr. LANGER. I thank the Senator from South Dakota very much indeed.

Mr. President, in North Dakota the very best wheat in the world is raised. That is because of the fact a great deal of study and research has been devoted to wheat production. Every once in a while, when I hear a Senator talk about the wheat raised in his State—and today I heard the disinguished senior Senator from Vermont [Mr. AIKEN] the chairman of the Committee on Agriculture and Forestry, say that some wheat is being raised in the Eastern States—I am inclined to smile. Mr. President, although very likely you are unaware of it, and I doubt that very many Senators are aware of it, cheap wheat is raised in other parts of the Nation. It is soft wheat, which some of us in North Dakota say is not even fit for human consumption—as a matter of fact, whenever a housewife tries to bake a loaf of bread with that cheap, soft wheat, he gets her sack of North Dakota flour—I am referring to the housewives in other States, who buy sacks of North Dakota flour and, when she comes to make the dough, she uses a portion of some of the soft, cheap wheat raised in the other States, and then she reaches into the sack of North Dakota flour and takes a little, tiny pinch of it, and puts it into the dough made out of the cheap soft wheat. Then she has to be very careful, because in the other States the people find out what we in North Dakota already know, namely, that North Dakota flour causes a loaf of bread to rise so rapidly that, unless the oven is very large, the bread is likely to break the oven. So when we send to other areas our good North Dakota wheat, we send along with it a course of instruction, so the housewives will be sure not to use too much of the North Dakota wheat. It is because of that fact that North Dakota wheat is known all over the world as the very finest grade of hard, spring wheat that is raised anywhere.

Mr. President, today I shall not discuss the incident alluded to by the distinguished Senator from South Dakota [Mr. CASE], which occurred when I was Governor of North Dakota. Suffice it to say that at that time we found that the farmers had been robbed for years and years, until, in 1915, the North Dakota Legislature enacted laws establishing a State mill and elevator. Thus the farmers of North Dakota were enabled to have their own mill and elevator, owned by the State—a mill and elevator that could not go broke, because every resource of the State was behind them. It was not until then that we commenced to get for the farmers of our State what they were really entitled to. Until that time, they were not paid for the protein value of the wheat they raised. They were being robbed of a fair price for their durum wheat. In North Dakota, we raise 90 percent of all the durum wheat grown in the United States. Yet, Mr. President, until 1934, our farmers were never even paid a premium for it. It was not until we had our mill and elevator built and operated by the State of North Dakota, and not until we made a thorough investigation in connection with the operation of that mill and elevator in North Dakota, that we were able to find that for years and years and years, systematically, our farmers who had been raising durum wheat had been robbed of 20 cents a bushel. From the time we concluded that investigation, the markets in Minneapolis, Superior, and Duluth commenced to pay 20 cents or more a bushel premium, and the durum-wheat raiser has secured it ever since.

Today, Mr. President, I am not going to address myself to that subject. I am interested in the pending question. I was interested in what the distinguished

Senator from Kansas [Mr. CARLSON] said a few moments ago about the population increase.

It is true that the United States population is increasing by an average of 7,500 persons a day. Every day approximately 7,500 babies are born. That is more than 2½ million additional each year, and breaking it down, it is 5 babies a minute.

By 1975 there will be a total of nearly 200 million people in the United States, which means 56 million more than we now have.

The average adult eats his weight in food in from 6 to 8 weeks. If he weighs 150 pounds, in 6 or 8 weeks he has eaten 150 pounds of food. He eats three-fourths of a ton a year, or 1,600 pounds a year. In 1952 the United States was the best-fed Nation in all the world. Now we are interested, as the distinguished Senator from Kansas [Mr. CARLSON] stated, in what is going to be the situation in 1975.

I say that depends upon how intelligent we are, whether we maintain and improve our soils, whether farmers can earn sufficiently high incomes to maintain an increased production.

For every 3 people to be fed and clothed now, there will be 1 more in 1975.

Merely to fill that fourth plate there will be required an increase of more than the total pig production of Iowa and Nebraska; the total cow numbers of Minnesota, Oklahoma, and Texas; and all the lambs of Montana, Wyoming, Utah, and Nevada. A total of 6 billion pounds more meat will be needed; 41 billion pounds more milk; 16 billion more eggs; a total of at least 2.2 million more bales of cotton; and 109 million more bushels of wheat. Even without improving our diets, the Nation will need one-third more farm production; and we are already producing at record levels, nearly three-fourths again as much as 30 years ago, and more than half again as much as we were producing not long before World War II.

Mr. President, farm people are producing 69 percent more with three-fifths as many man-hours of labor, and only one-tenth more acres than 40 years ago.

In 1910 there were 14 million people working on farms. Today there are 5 million less—only 9 million.

To obtain the products needed for the 56 million of increased population at present yields would require 30 percent more acres, 150 million more than are being cultivated now. New land is not available, and so we will have to make each acre produce more, and each animal produce more. This the farmers have been encouraged to do and have been enabled to do in the past 20 years.

I call attention to what Mussolini did during his regime in Italy. As every man who has studied agriculture knows, Italy made the greatest advance of any country when Mussolini raised the yield from a few bushels, 5 or 6 to an acre, to 60 bushels to the acre.

Of course, we are all familiar now with developments which have taken place in Russia. They have discovered a perennial wheat, which means that they do not have to seed it every year. It is just like raising timothy in Minnesota or North or South Dakota. Timothy is planted, is taken off, and the next year without replanting, another crop is harvested, and so it goes year after year.

It is true that Russia has produced this perennial wheat, and, as nearly as we can find out—and we cannot find out all about it yet—it is a soft wheat. Maybe it is going to take them quite a while before they are able to make it a hard spring wheat, but there is not any question at all that they are on their way.

While I am on that subject, I may say that I do not know of any country, including the United States, that has made a more scientific or better study of wheat than Russia. They commenced making it 25 years ago, when they sent their scientists into every country in the world, and into every State of the Union, including, of course, North Dakota. Seventeen were in the particular squad in North Dakota, and they took samples of every kind of grain we raised, and of every kind of shrub. They went into the Black Hills, into the Bad Lands, and gathered very carefully specimens, with sufficient soil attached, so that they could be transported to Russia. Today the greatest honor that can come to a man in Russia is not conferred on a great general or a great statesman; but the highest honor that can come to a man in Russia, the Lenin prize, is conferred on the man who has done the most for agriculture.

I remember very well a meeting we held in Washington some 4 or 5 years ago when the commissioners of agriculture from every State in the Union were present. As a matter of curiosity, I went from one to the other and asked how many kinds of wheat there were.

One commissioner of agriculture guessed 30 kinds. It went as high as 300. When I got all through that evening, and when I addressed them, I said that in Moscow they have one building devoted to wheat, and in that building they have nearly 33,000 samples of different kinds of wheat.

It shows the kind of competition we will have to face sooner or later, and most certainly it will be 1985, because they have perennial wheat. I may say I have had this matter up for discussion at various times with the Department of Agriculture; I have discussed it in North Dakota with the State agricultural college, known as the State college, which has its own mill, and which has made a scientific study of agriculture, I would say, for more than 40 years. This question is of great concern to them.

As I said a moment ago, obtaining the agricultural products needed for the 56 million of increased population, will require 30 percent more acres.

How is this country going to keep up in the effort to produce enough to feed the increased population? The right combination of all of several elements is necessary. We must have the application of research—and I put that first in order to meet the competition that may come up from the Soviet Union—increased mechanization, balanced conservation, marketing services, expansion of fertilizer capacity. That is what was done by Mussolini in Italy, by using the right kind of fertilizer, and increasing the wheat acreage, as I said a moment ago, the yield was increased to roughly 60 bushels an acre.

Above the Arctic Circle, the Russians take a piece of land covered with snow, and by focusing the rays of the sun in a certain way, melt the snow, and on that piece of land, with snow all around it, they produce a crop of wheat. That is the result of research. It is the kind of competition that sooner or later the American farmer who produces wheat will have to meet.

The application of research, increased mechanization, balanced conservation, marketing services, expansion of fertilizer capacity, farm machinery, equipment and electric power, adequate credit on adaptable terms, crop insurance, rural electrification and parity farm-family income, and fair market prices, all are essential to make farm programs work.

Keeping the Nation supplied with an abundance of food and fiber is not the job of farmers alone. Of 62 million employed persons in the United States, 25 million are in agriculture and related industries, 10 million on farms, 6 million producing for and servicing farmers, and 9 million processing and distributing farm products.

If farm incomes fall, some of the 6 million will be out of jobs. If farm production drops, some of the 10 million will be out of jobs, and everyone's income will be less, and there will be less to eat and wear. That is how serious this problem is, Mr. President.

As I said the other day on the floor of the Senate, during World War I, when we were short of wheat, President Wilson appointed a commission headed by Herbert Hoover. Mr. Hoover had serving with him Bob Taft, who later became our colleague in the Senate. The cry was "Produce wheat. Produce wheat." Every acre of marginal land was sown to wheat. The land along the railroad tracks was sown to wheat. We broke up our parks in the cities and towns and villages so that we might produce more wheat.

If any man in the world did not get a square deal after the war was over, it was the farmer. After the farmer had done all that during the war, did our Government do anything for the farmer? Did our Government do what was done for the farmer in Canada? Canada said to its farmers, "You spent some money for seed and you broke up marginal land and planted it to wheat. You knew you could not make any money out of wheat after prices went down after the war." Therefore, Canada canceled every seed and feed loan that farmers had taken out. Canada canceled the loans within a year after the war was over.

Today, in the United States, the poor farmers are still paying on their seed and feed loans. Farmers who have not had very good crops, and who have had to borrow on their crops, are still paying the Government on seed and feed loans, at 6 percent interest. Some of

those loans are more than 30 years old, and the interest on some of them far exceeds the amount of the principal.

Does any Senator believe when such a man dies the widow receives any sympathy from the Government? I can cite instance after instance where the United States Government took every dollar of an estate in order to collect the seed and feed loans, and let the widow and children go without any relief.

It is only a few years ago that Senators from the Northwest got together and introduced a bill to cancel the seed and feed loans. We could not get it through the Senate. We could not get any support for it from the Department of Agriculture. We have not been able to secure any help from anyone.

When a Canadian farmer comes over to the International Peace Gardens in Bottineau County, N. Dak., and sits down with a North Dakota farmer, the North Dakota farmer must feel very foolish when the Canadian farmer says to him, "I did what you did in World War I. I raised wheat, and I borrowed money, but my Government canceled the loan. You are still paying 6 percent interest on your loan."

We were doing it at a time when we gave $3,750,000,000 to England. We took it out of the hides of our producers, while the Canadian farmer sent nothing comparable to it at all, although his debts had all been forgiven by his Government.

Great disastrous national depressions have been farm-led and farm-fed. Look at what led up to the panic of 1830, the worst depression of 1844; the big recession from 1858 to 1860; the deep trough that started in 1885 that we did not pull out of until 1910. Drop in farm prices led the fall from 1919 to 1922. They led again in 1929–32, 1937–38, in 1949, and now they are falling again.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LANGER. I am glad to yield to my colleague.

Mr. YOUNG. I appreciate very much the comments by my distinguished colleague. He is absolutely correct in his analysis of the situation. I was particularly interested in his comments about the depression of the early thirties. As he will recall, in 1929 the goose hung high for most industries in the Nation. However, farmers were already in trouble. Their difficulties were almost completely ignored. As a result, the prices of the things that farmers had to buy remained at the same level from 1929 to about 1931. During that same period farm prices dropped drastically. While farm prices were completely demoralized, the acreage of wheat increased. In 1933 the average price of wheat in the United States was 38 cents a bushel. It would be expected that this is when a flexible system would have worked.

What happened? After the disastrously low prices, the farmers actually increased the wheat acreage by 2 million acres in 1934.

Mr. LANGER. My distinguished colleague can explain why, of course.

Mr. YOUNG. The farmers tried to recoup their losses in order to pay their bills.

Mr. LANGER. They were willing to work longer hours and farm more land, even though the price was lower, in the hope of being able to pay their debts.

Mr. YOUNG. A reading of the records of Congress, particularly the debates, will reveal that almost every argument which was used against the McNary-Haugen bill is now being used against 90 percent parity today.

Mr. LANGER. I thank my distinguished colleague.

The basic reasons for price supports are:

(a) History shows that national depressions are farm led and farm fed.

(b) History also shows, that, without price supports, prices received by farmers can fall rapidly while farm costs are still rising.

That is just as my distinguished colleague said a moment ago. After World War I—and the same thing was true after World War II—the price of everything the farmer had to buy, stayed up, and the price of everything the farmer raised went down. That is the history. I ask my distinguished colleague if that is not the situation.

Mr. YOUNG. The Senator is absolutely correct. So many people believe that a price-support program is only for the benefit of the farmers alone. If there were some other way in which the farmer could receive a fair price for his commodities and continue his purchasing power of other necessities, then, of course, farm price supports would not be justified. However, if we permit farm prices to go down, just as sure as we stand here, we will go into another depression. I believe it is in the interest of the whole Nation to maintain fair prices in order to prevent such a disaster.

Mr. LANGER. I am sure my friend will agree that the price a farmer pays today for a combine or a mower or a rake, or for any other kind of machinery, is just as high as it was at any time in the history of our country.

Mr. YOUNG. The operator of the average-sized farm, the family-sized farm in our State of North Dakota, or any other State, must have a minimum investment in machinery and livestock of between $25,000 and $40,000. I remember that back in 1929, and even in the thirties, all the farm machinery that I had was not worth more than $5,000. I operated on a little larger scale than what might be called the family-sized operation. One cannot buy a combine for that now.

Mr. LANGER. I agree fully with what the Senator says. Today a combine would cost roughly $5,300 to $5,500. Twenty-five years ago, for $5,000 you could set a man up with farm machinery sufficient to farm a half-section or three-quarters section of land.

In the national best interest, there is a floor level below which the Nation cannot afford to allow farm prices to fall. For these reasons:

(a) Adequate provision for a continuous and expanding production of food to meet the needs of an increasing population.

(b) Provision of sufficient food and fiber production to fill the needs of a dynamic foreign policy.

If any Senator disagrees with any one of these statements, I would like to have him say so. If any Senator is going to vote against this bill, I shall be delighted to have him interrupt me at any time and challenge any one of these statements that I make.

(c) Provision of an adequate safety reserve of food and fiber commodities and their products for national, health, safety, and security against natural, economic, and war hazards.

(d) To help maintain a continuously expanding and prosperous economy with rapid adoption of improved technology, increased productivity, and a high level of employment.

(e) To require no more Federal expenditures than the public good derived from the program.

(f) To supply food and fiber products to consumers at fair and reasonable prices.

(g) To promote equity and justice in distribution of national income among the different economic groups within the economy.

(h) To enable farm people to earn by their labor, management, capital investment, and financing activities, a sufficient income to obtain a desirable American standard of living, educate their children, and preserve and improve their land and water resources.

(i) Approximately 9 million town and city workers supply goods and services to farmers and are thus directly dependent upon farm purchasing power for effective demand and hence their employment and income.

(j) Approximately 6 million town and city workers market and process farm products and hence their continued employment and income are dependent upon a continuous production of food and fiber.

Without price supports, farm prices start dropping when the national economy fails to expand at a rate of at least 10 percent per year—

(a) Because farm fixed costs are high while industrial fixed costs are low.

(b) And because other segments of the economy have Government-supplied subsidies and scarcity-inducing protective devices.

(c) Result is: farming is the most easily hurt segment of the national economy. Industrialists maintain prices by laying off workers and cutting production; farm production stays up and prices received by farmers fall.

(d) Increased supply of farm products after a certain point actually reduces their total value.

Studies by the Bureau of Agricultural Economics indicate that carryover stocks of from 450 to 500 million bushels of wheat and from 900 to 1,000 million bushels of corn and other feed grains would be required to offset one very low-yield year and one moderately low-yield year in succession. On the average such

a sequence of years happens once every 10- or 12-year period. If anyone has any question about that, I suggest that he read the Bible.

Such stockpiles would not, however, tide us over a sequence of low-yield years like those of the 1930's.

Special defense contingencies, also, warrant maintaining even larger than the normal carryover stocks required by weather variations. These special contingencies include risk of hydrogen and atom-bomb destruction, biological warfare risk, disruption of seed, fertilizer, and machinery supplies, transportation, and processing facilities.

Cost of carrying a safety reserve is estimated at from 10 to 20 cents a bushel a year for storage and turning, including interest charges. Anyone who has had any experience with farm prices in the various States will verify that statement.

On the matter of price-support costs compared to other subsidies, Darrow's Washington Farm Letter said recently:

> The official United States budget for last 5 years has a breakdown table of Government subsidies and expenses by economic groups and classes of expenditures. The data is found in the special analysis section of the budget. Total given include subsidies, administrative expense, net cost of loan programs, and cost of investment-type programs.

Agricultural items covered include cost and losses on price-support programs, the expense of the International Wheat Agreement of which, by the way, I have the honor to be chairman, and with which I am very familiar—Sugar Act payments, payments for removal of surplus products, net cost of loan programs and other aids. Not included, but mentioned, is the fact farmers do not pay income tax on foodstuffs produced and consumed on the farm.

Business aids covered included a portion of the postal deficits, maritime subsidies and other aids to shipping, various aids to aid transport, and net losses on defense production aids. Not included in the total, but mentioned, are business aid from housing subsidies, protective tariffs, accelerated amortization, special depletion exemptions, flood control, and Government provision of low-cost electric power.

For the life of me, I cannot understand how any Senator who makes a study of the subject can possibly fail to vote, as the majority of the Committee on Agriculture and Forestry voted, in favor of the bill reported to the Senate.

Labor's aids are largely for unemployment compensation and public employment offices. Included is mine-safety work. Mentioned but not included are the Mediation Service and Labor Relations Board expense.

General aids include school lunch, health, and school programs.

Can any Senator who has made any study at all of the subject possibly be opposed to the school lunch program?

I ask unanimous consent to have printed at this point in my remarks a table entitled "Expenses for Aids and Special Services."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Expenses for aids and special services

[In millions of dollars]

	Actual 1949	Actual 1950	Actual 1951	Actual 1952	Estimated 1953	Total
Agriculture	341	601	905	463	547	2,857
Business	773	789	809	1,041	1,018	4,430
Labor	175	228	197	200	206	1,006
Homeowners and tenants	−11	−111		−129	−123	−374
Veterans	5,549	5,583	4,515	4,710	4,411	24,768
International	5,554	4,392	4,311	4,596	5,516	24,369
General aids	1,091	1,264	1,327	1,364	1,530	6,576
Total	13,472	12,746	11,903	12,246	13,205	63,512

Mr. LANGER. Mr. President, much is heard about Federal farm subsidies. Are farmers the only ones who get Federal help?

I hope Senators who do not know anything about farming, but who will read the RECORD, Senators who have been yelping and yelling and screaming about the subsidies which the farmer gets, will listen to or read what I am about to say.

Representative CLIFFORD HOPE, of Kansas, has taken from the Federal budget the following figures:

Agricultural aids and services	$463,000,000
Business aids and services	1,041,000,000
Labor aids and services	200,000,000

Senators might remember this the next time some city friend lets out a squawk about Federal aid to farmers. This information was included in a speech by Representative HOPE on August 22, 1953, at Chautauqua, N. Y. Additional Federal aid has been provided to promote construction by industry.

Federal aid for private construction has been given in the form of certificates of necessity.

Mr. JOHNSTON of South Carolina. Is it not true that the——

Mr. LANGER. I have not yielded; but in view of the fact that my distinguished friend from South Carolina has been so fine and generous in yielding to me on previous occasions, I shall yield to him.

Mr. JOHNSTON of South Carolina. Is it not true that the airlines receive subsidies?

Mr. LANGER. I intend to follow that up.

Mr. JOHNSTON of South Carolina. Is it not true that the Post Office Department subsidizes the publishers of newspapers and magazines?

Mr. LANGER. My distinguished friend is anticipating my speech. If he desires to ask me about it, I shall be delighted to yield, but I hope that he will let me tell the Senate about it.

The certificates have been issued to permit rapid tax amortization of facilities whose total value is about $29 billion. Let Senators put that in their pipes and smoke it. Many of the substantial expansions in the steel, aluminum, petroleum refining, electric power, and similar industries have received this type of assistance. In addition, under the $2.1 billion borrowing authority in the Defense Production Act, loans, advances against production, guaranteed prices, and purchase contracts at higher than ceiling prices are also provided.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that at present farm-machinery manufacturers are cutting back production and are laying off thousands of employees?

Mr. LANGER. I am coming to that.

Mr. JOHNSTON of South Carolina. Will not the Government fail to receive income taxes from workers who will be walking the streets?

Mr. LANGER. As usual, the distinguished Senator from South Carolina, with his keen mind, has anticipated what I am about to say.

Mr. JOHNSTON of South Carolina. Knowing the Senator from North Dakota as I do, I am not surprised that he is bringing out all these facts. He usually includes all the facts in his speech before he concludes. I hope we shall hear his attitude on matters of this kind.

Mr. LANGER. I thank the Senator from South Carolina. I am fully aware of the fact that the Senator is much more adept at citing figures than I am. I have listened to his speeches, and have marveled at the information he has procured.

In this instance, I have obtained figures directly from the Bureau of the Budget, so they cannot be questioned. I challenge any Senator to stop me at any time he desires, because, as I say, I have obtained these figures from the Bureau of the Budget.

Under the present tax laws, any construction completed or machinery purchased after December 31, 1953, can be depreciated under a rapid tax amortization program. The advantages which accrue to industry and business can be illustrated best by the following:

One-half of cost of construction, machinery, or other purchases can be charged off in one-third of its life; or two-thirds of cost of construction, machinery, or other purchases can be charged off in one-half of its life.

Under old tax laws if the life of a building or machine was 10 years, 10 percent per year could be charged off for depreciation. However, under the new law, if the life of the same item is 10 years, 20 percent per year, or nearly

double the rate possible under the old law, can be charged off for depreciation. Of the 80 percent valuation remaining, 20 percent can be charged off in the second year. This same pattern is applied to the remaining years of life of construction items or new purchases.

Compare the little bits or sums the farmers get with what is provided under the new tax law for industry.

Mr. President, I particularly invite the attention of the distinguished Senator from South Carolina [Mr. JOHNSTON] to what I am about to say, because I would not want him to miss anything.

Business expenditures for new plant and equipment totaled $27.5 billion—seasonally adjusted annual rate—in the first quarter of this year, and it is predicted by the Council of Economic Advisers that they will be maintained at or near the $27 billion level in the second and third quarters of this year. Based on these expenditures for plant and equipment, it appears that business and industrial segments of the economy will be able to realize rapid tax amortization savings on construction cost and other purchases in excess of $100 billion.

I shall now discuss business reconversion payments. Information compiled by the Legislative Reference Service of the Library of Congress—this is not merely a newspaper item. This information is not something picked out of the Washington Star, the Washington Post and Times Herald, the New York Times, or the Wall Street Journal, or even the Daily Worker, or any other newspaper; the information is from the Legislative Reference Service of the Library of Congress. It shows that business was subsidized by the Government to the extent of $40,787,864,000 following the end of World War II in what were called reconversion payments.

During the 7-year period that program was in operation the cost of reconversion payments amounted to $50 per year per person in the United States. This is in contrast to the cost of price supports for basic crops, which has been only 3.1 cents a year for every person for the past 21 years.

So the next time some of those slickers come to see my distinguished colleague, the Senator from South Carolina, and talk about what farm subsidies have cost, my colleague can inform them that the cost has amounted to 3.1 cents a year for every person, as compared to a cost of $50 a year for every person for subsidies which have been granted industry and business. My colleague can cite those figures as having come from the Legislative Reference Service of the Library of Congress. My only regret is that there are not more Senators present to hear that statement.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I invite the Senator's attention to the fact that the dollar value of farmland depreciated 6 percent in the period from March 1953 to March 1954. If that situation continues for very long, we can imagine what will happen to the farmers.

Mr. LANGER. I thank the Senator from South Carolina for his generous contribution.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks tables showing the cost of price-support programs.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Realized losses on price-support programs from inception, Commodity Credit Corporation [1]

Fiscal years	Basic commodities (corn, cotton, wheat, rice, peanuts, and tobacco)	Designated nonbasic (butter, cheese, dried milk, honey, potatoes, and tung oil)	All other nonbasic (beans, eggs, flaxseed and linseed oil, grain sorghums, etc.)	Total
1934-41	$55, 787, 335	$176	$4, 602, 190	$60, 389, 701
1942-46	+182, 568, 944	41, 031, 385	15, 944, 584	+125, 592, 975
1947-50	80, 991, 915	486, 147, 833	134, 103, 927	701, 243. 675
1951	5, 284, 869	174, 027, 018	166, 286, 667	345, 598, 554
1952	15, 417, 947	1, 283, 599	50, 650, 030	67, 351, 576
Total 1934-52	+25, 086, 878	[2] 720, 490, 011	371, 587, 398	1, 048, 990, 531
1953	45, 807, 809	5, 324, 994	10, 013, 555	61, 146, 358
1954 through Mar. 31	73, 336, 279	42, 916, 981	70, 526, 167	186, 779, 427
Total 1953-54 (Mar. 31, 1954)	119, 144, 088	48, 241, 975	80, 539, 722	247, 925, 785
Total 1934-54 (Mar. 31, 1954)	94, 057, 210	750, 731, 986	452, 127, 120	1, 296, 916, 316

[1] The above table relates only to the activities of the Commodity Credit Corporation and does not include or relate to expenditures made by the Department of Agriculture under sec. 32, parity payments, or any other activities financed with funds provided by the agricultural appropriation bill.

[2] Includes $478.1 million loss on potatoes.

NOTE.—Denotes realized gain.

Source: S. Rept. No. 1429, Agricultural appropriation bill, 1955 (p. 3).

Losses on price-support programs from inception, Commodity Credit Corporation

	Total cost 1933-54 (Mar. 31, 1954)	Average total cost per year	Average cost per person per year [1]
Basic commodities (corn, cotton, wheat, rice, peanuts, and tobacco)	$94, 057, 210	$4, 478, 915	$0. 031
Designated nonbasic (butter, cheese, dried milk, honey, potatoes, and tung oil)	750, 731, 986	35, 749, 142	. 248
All other nonbasic (beans, eggs, flaxseed and linseed oil, grain sorghums, etc.)	452, 127, 120	21, 529, 862	. 149
Total	1, 296, 916, 316	61, 757, 919	. 438

[1] Computed on basis of 144 million average of United States population for 1933 and 1954.

Mr. LANGER. Mr. President, I now come to the subject of second-class mail, and the hidden subsidy to publishers, to which the distinguished Senator from South Carolina called attention. For the past several years the Post Office Department deficit has been close to, or slightly more than, $600 million each year. Reduced postal rates to publishers of newspapers, magazines, and others who use second-class mail privileges have accounted for the greater portion of the Post Office Department deficit.

Mr. President, they are the same publishers of newspapers and magazines who have been telling how the farmer is being subsidized. Fortune, Time, Life, and all the other magazines, took pleasure in writing to the Senator from North Dakota, particularly when he was chairman of the Committee on Post Office and Civil Service and trying to make them pay their just share of taxes and postal rates. They never admitted the subsidies they had received. Yet they are screaming and howling against farmers and farm subsidies.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield further?

Mr. LANGER. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Not only is the deficit $240 million because of rates for second-class matter, but the deficit amounts to approximately $600 million when all the various classes of mail are considered. Is not business benefited by paying lower rates for mailing packages? That is one of the big reasons why the Post Office has had a deficit. A great many articles mailed by business go to the general public and a great many go to business. Is that not true?

Mr. LANGER. That is true, certainly, and nobody knows it better than my distinguished colleague, who was at one time chairman of the Committee on Post Office and Civil Service. He knows how this "racket" has been operated year after year, at the expense of the people. Time, Life, Fortune, and many other magazines have been writing about what poor Senators we have. They are willing to spend large amounts for advertising and propaganda, but they assert they are too poor to pay fair rates for postage, and it has cost the Government of the United States, and the taxpayers, millions of dollars, as I shall enumerate, in order that magazines and other publications may enjoy favorable rates.

Beginning with the year 1946, the Post Office Department deficit on second-class mail has substantially increased each year. In 1946, the loss or deficit was $148 million. The publishers took $148 million out of the pockets of the people so that they could mail out their magazines and newspapers second class. In 1947 the loss or deficit was $159 million; in 1948, $163 million; in 1949, $186 million; in 1950, $193 million; in 1951, $200 million; in 1952, $238 million. All subsidies. During the 1953 fiscal year the loss by reason of handling second-class mail amounted to $244,269,815.

Moreover, the accumulated loss in the Post Office Department since World War II, a period of approximately 8 years, has reached a total of—how much do Senators think? None of the Senators opposed to us could guess. These losses in the Post Office Department alone, incident to handling magazines and newspapers, have been $3.8 billion. If any Senator wants to write down that figure, he ought to do so.

The Post Office deficit, the major portion of which was brought about through reduced postal rates for second-class mail, in 8 years was about 3 times as much as the cost of the farm price-support program on basic commodities for a period of 20 years.

Mr. President, that is the record. Senators can stand on the floor and yell to high heaven as long as they want to. The cold facts are just as I have stated them. They were secured from the Library of Congress, prepared by the Legislative Reference Service.

I wish to repeat that paragraph.

Moreover, the accumulated loss in the Post Office Department since World War II, a period of approximately 8 years, has reached a total of $3.8 billion. This simply means that the Post Office Department deficit, the major portion of which was brought about through reduced postal rates for second-class mail, in 8 years was about three times as much as the cost of the farm price-support program on basic commodities for a period of 20 years.

It is a great pleasure to speak on behalf of farmers. One of the things I like about my distinguished friend from South Carolina [Mr. JOHNSTON] is that he is a friend of the farmer. He became an orphan when he was 11 years of age. He had to support a family, his little brothers and sisters, and work with his hands. He knows what it means to have a dollar, and to earn it.

That is why the Senator from South Carolina [Mr. JOHNSTON] and I, among others, have voted so consistently against this giveaway program of billions and billions of dollars to one foreign country after another.

Mr. President, wheat farmers reaffirmed their faith in the farm programs voted by Congress over the past 20-odd years in the wheat referendum vote on July 23, 1954, only a few days ago.

On that day the farmers came forth with a mandate for the continuation of the present price-support program.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. This is so important that I cannot yield, because I am talking about North Dakota. As soon as I have finished talking about North Dakota I will yield.

Mr. JOHNSTON of South Carolina. I congratulate North Dakota.

Mr. LANGER. The returns from North Dakota go to show how well educated those farmers out there are and how they know when they are voting for or against themselves. They are perhaps the best educated group of farmers in the world. They ought to be, because for 40 years we have had a farmer nonpartisan league out there. It meets on Lincoln's Birthday in every precinct in the State, and there are more than 3,000 precincts. There they discuss the farm problems and city problems, and problems dealing with their own State government. Delegates meet in every one of the 53 county seats; and they elect delegates and choose candidates for the legislature. They do not care whether a man is a Democrat or a Republican. They elect delegates to meet in the first week of March, and 500 of them get together and say what is good for the State of North Dakota.

Then by secret ballot they nominate candidates. A person is given a piece of paper, and he can put down on that piece of paper the name of any man or woman he thinks will make a good Governor. Next that name goes on a blackboard, and the vote is continued with those little tiny slips of paper, taking one name at a time off the blackboard, until there is only one name left. That man is the nominee for Governor. He may be a Republican. The nominee for lieutenant governor, chosen in the same manner, may be a Democrat. The nominee for secretary of state may be neither Republican nor Democrat. Nominees for the House of Representatives and the Senate are chosen in the same manner.

When all 13 nominees are selected, they get up before a microphone and pledge their mutual support one to another. They promise to go out into the political battle and fight together for the United States and for the State of North Dakota. Even when they do that they do not know whether they are running on the Republican ticket or the Democratic ticket. It is only after the pledges are all made that the convention of 400 or 500, by secret ballot, decides whether they are going to run on the Democratic ticket or the Republican ticket. Sometimes they do not like either ticket, and they run as independents. Many have had the honor of being elected as such.

The year Mr. Landon ran, they had the Republican column under Mr. Landon, and then the Democratic column under Mr. Roosevelt; then there was a Communist column and a Socialist column. All by myself over there in the fifth column I was running for Governor, among my associates. I ran for Governor of North Dakota, and I am happy to say I was elected. We had 5,000 more votes than we needed.

That is the way those people operate out there. Senators can imagine how far Mr. Benson got when he came along with this "curlicued" thing the other day and they asked them to go out and vote on the wheat referendum.

Wheat farmers out there reaffirmed their faith in farm programs voted by Congress over the past twenty-odd years in the wheat referendum vote on July 23, 1954. Farmers on that day came forth with a mandate for the continuation of the present price-support program.

The returns for North Dakota were 96.6 percent in favor of the continuation of 90 percent of parity price supports, even with the strictest controls in all the history of the United States.

I should like to have Senators write those percentages down, because we led the country. That means, Mr. President, that 96.6 out of every 100 people in North Dakota voted for support prices, and only 3.4 people out of every 100 people voted against them.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. That is a marvelous record. That is over 30 to 1.

Mr. JOHNSTON of South Carolina. Mr. President——

Mr. LANGER. I yield to my friend from South Carolina.

Mr. JOHNSTON of South Carolina. I congratulate the great State of North Dakota, but South Carolina did a little better, when it came to voting upon the tobacco controls. We voted 98.5 percent in South Carolina in favor of that program, not for 1 year but for 3 years. They chose to vote for 3 years instead of 1 year, and voted for the program by 98.5 percent.

Mr. LANGER. Knowing my distinguished friend as well as I know him, I know that somewhere in his statement there must be what the Senator from Montana calls a hidden something, a jigsaw.

Mr. JOHNSTON of South Carolina. No.

Mr. LANGER. Because they did not vote for a 3-year program; they voted for a 1-year program.

Mr. JOHNSTON of South Carolina. We voted for a 3-year program on tobacco.

Mr. LANGER. On tobacco?

Mr. JOHNSTON of South Carolina. Tobacco.

Mr. LANGER. Of course, I have my own ideas about tobacco.

Mr. JOHNSTON of South Carolina. Yes. I commend the State of North Dakota. I happen to be a member of a committee which visited that State, and while there heard from about 70 North Dakota farmers. We had nothing to do with calling them in, but 70 of the leading farmers in that State were called in to discuss the farm problems. I did not hear one man while I was there clamoring for any of the parity prices Mr. Benson wanted. We were in session from 6:30 at night until 12 o'clock at night, and not one person did I hear say one good thing about Benson and his program. I commend the Senator's State for that.

Mr. LANGER. Our farmers have always supported the program for cotton and tobacco and all the basic commodities included in the price-support program. The record will bear me out.

Mr. CLEMENTS rose.

Mr. LANGER. I yield to the Senator from Kentucky.

Mr. CLEMENTS. Is it not a fact they recognized that in supporting the basics, they were supporting the cornerstone of the entire program?

Mr. LANGER. Not only that, but the cornerstone of the entire national economy. At Union Station in this city there is a large sign reading, "Agriculture is the basic industry of this country."

Mr. CLEMENTS. I could not agree with my friend from North Dakota more fully.

Mr. LANGER. Mr. President, the vote was 96.6 percent, even though the Department of Agriculture failed in its

effort to get information disseminated to farmers on the complicated cross compliance regulations. In addition, farmers were forced to vote under circumstances which were grossly unfair—not knowing what the price support level of their produce would be.

The vote was held on July 23, the busiest time of the year in North Dakota. July 23 was set because it was known that all the farmers would be busy in the fields.

Senators can imagine what a sacrifice it was on the part of the farmers to leave their fields while they were cutting grain, take a chance on hail, and travel considerable distances to vote on a matter of this kind. That was the day of the Department election.

Even in the face of these adverse circumstances the farmers voted for price supports and controls — hoping and trusting, I believe, in this Congress having the foresight to see their plight. Let me say to my colleagues that to ignore the voice of farmers is to neglect the needs of farm people as they attempt to convey their interest in the preservation of 90 percent of parity.

I would like to insert at this point in my remarks an article in the National Union Farmer for August 1954 on this subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY FARM PRICE SUPPORTS, ANYWAY?

As the farmer's prosperity goes, so goes the Nation's. American history has shown over and over again that declines in farm income and collapses in the farm economy are almost invariably followed by general panics and depressions, whether related as cause and effect or not. High farm income is good insurance against national disaster.

This lesson was brought home again in 1953 when the farmers ended up the year as the only large group of Americans who were poorer and had less income—a billion dollars less—than when the year began, but with the prosperity of the rest of the people beginning relentlessly to decline as the farm slump forced it down.

FARMER IS UNIQUE

The farmer is the only producer who is at the mercy of the elements for what he produces; and having produced it, is at the complete mercy of the market, unless he has efficiently organized to protect himself. He cannot get out of his troubles as can the businessman by waving a cigar and ordering his subordinates in traditionally brisk and decisive fashion to fire 1,200 people in Davenport or to close down the Denver branch—thus throwing his own responsibility upon the back of the community.

If the farmer goes out of business, all the people face famine. Food, moreover, is the indispensable ammunition to win wars and preserve peace. The farmer cannot strike. Yet his rewards have a way of vanishing with dizzying speed; while his costs continue to mount, he continues to feed the community, and even to pile up surpluses of food to protect its future.

TO INSURE PROSPERITY

Setting a firm floor under the prices received by the farmer—a floor high enough to give him a modest return for his work and for the use of his capital—was long ago conceived by the American people to be a very worthwhile measure to help insure the prosperity of every one of them.

Instead of spending billions of dollars to retrieve the farm economy after it had crashed; instead of picking up the pieces of the national economy after a panic or depression, the sensible spending of a relatively few million dollars yearly to keep the farm economy relatively stable, was conceived as sound business and political statesmanship.

Speaking solely of provisions to support farmers' prices, the program has to date cost only about one-third of the amount of taxpayers' money spent to subsidize the big national magazines alone, according to Postmaster General Summerfield. Never, to paraphrase Winston Churchill, have so many spent relatively so little to achieve so much, in the balanced flow of indispensable farm products into the national economy and abroad, and into a surplus of abundance that, without their perhaps realizing it, has put the American people for generations to come beyond the reach of famine, or even of shortage. Had you ever thought of the significance of the fact that our military planners, for example, absolutely never worry about a shortage of any item needed in war, that comes from the farm? They know that, as always, in any war crisis the American farmer will be there, putting out more than enough of whatever is needed. Further, they know that the American farm is capable of an enormous increase in production should that become necessary. This has been proven in two wars.

MUST DEFEND POSITION

With all this, it seems strange that the farmer is continuously having to defend his position anew from the assaults of the unthinking, or of the sheerly venomous. The historian of a century hence will look back on the policies of the past 20 years—when farmers for the first time truly came into their own as respected and indispensable partners in the Nation's economy—as evidence of broad balance and true statesmanship in the conduct of our national affairs.

Yet the first bills somewhat timidly designed back in the 1920's to check if not to cure the steady slide in farm prices that was even then becoming a cancer of the national economy, were indignantly vetoed by Presidents without broad national perspective, and who were blinded by economic provincialism and prejudge.

PROSPERITY NEEDS A FLOOR

But the American people had finally decided, even if perhaps subconsciously, that the national prosperity requires the establishment of a floor under which family-farm incomes and farm prices should not be allowed to fall. Trying to stem this oncoming tide of sentiment was like trying to stem the tide of the sea, and in 1929, the establishment of the Federal Farm Board marked the first real national effort to protect the Nation itself (not primarily the farmers) from the demonstratedly disastrous results that have always followed falling farm prices and declining farm income. It became national policy that the farmers should have parity of income with other groups of the economy—that is, that they should as nearly as possible, receive their fair share of the prosperity of the country that they were helping so much to create.

In one form or another, this endeavor has continued ever since. The Agricultural Adjustment Acts of 1933, 1934, and 1938 comprised in effect successive attempts to spell out this new national policy in clearer and less mistakable terms, and when World War II came on, the Steagall amendment providing 90 percent of parity for the producers of the major (and most needed) farm crops both broadened and deepened this policy.

There has been some attempt at retreat since. The acts of 1948 and 1949 contained provisions that would have weakened and restricted farm price supports; but Congress has until now continuously extended 90 percent of parity. The most recent amendment was in 1952, when through the Young-Russell-Cooley amendment the 90-percent provisions were extended until the end of 1954. Without further congressional action, these provisions will then expire, to be succeeded by flexible supports that will, in effect, punish the farmer for producing plentifully, but reward him for producing scantily.

UP AGAINST THE GUN

Therefore, Congress, the administration, the farmer, and the American people are alike up against the gun. Congress in this present session must decide whether or not to continue a provenly wise farm program, or if not, how to modify it. Congress' ears are being literally deafened by the propaganda cries raised against the program. These cries come almost invariably from those who think it to their short-term advantage to buy the farmers' products as cheaply as possible and resell them to the public as dearly as possible, and who during 1953 have made considerable progress in this direction, even without legal change in the support program, because of the complacence of an administration admittedly hostile to farmers' price-support program.

The Nation's minimum interest and need in an efficient and prosperous farm-production program include:

That for a continuous and expanding flow of food and fiber to meet the needs of a people increasing in number by 2.7 million yearly or 7,500 a day; and who have been continuously accustomed for 20 years to a rising standard of living.

That for such expanding production to meet the needs of a dynamic foreign policy to roll back communism; to fight for peace as it fought in war, and in the dread event of war, to insure victory.

The need of an adequate reserve of food and fiber to protect the Nation's health, safety, and growth against any manmade or natural hazard or contingency.

That for promotion of an economic structure that will enable increasing numbers of our people to build and to share in an ever-expanding economy, with increasing real income and full employment.

For economy in Government, to guard the interests of the taxpayer.

For long-term stable prices for farm products, that will require no more than a due share of the consumer's dollar, and will not unduly mulct him through scarcity.

For equity and justice in the distribution of national income among all the people, and all elements in the national economy.

Farmers have a specific interest in a national economic policy that will promote their ability as farm people to earn, through effort and not through noneffort, a sufficient income to maintain an American standard of living, nurture, and educate their children, improve their lands, and increase their resources.

COUNT IN CONSUMERS

Millions of townsfolk and city people, from the country village that draws its living almost entirely from the surrounding farms, to the metropolis, likewise have a direct interest in the prosperity of the farmer. For just one example, there are approximately 6 million nonfarm people engaged in transporting, processing, and marketing the products of the farm. There are other millions who make things directly used on the farm, such as machinery and fertilizer; beside the millions who supply the general products of civilization that 5 million farm families want and buy along with other Americans, such as automobiles, radios, TV sets, clothing, books, magazines, household furnishings, and so on ad infinitum.

Directly or indirectly every person in the United States is deeply affected by the economic tides affecting the farmer. As we have said, a drop in farm income almost invariably is a sign of a coming economic storm that hurts and worsens the prospects

of all. On the other hand, as long as farmers are prosperously producing and buying, the national economy almost invariably continues to expand at the tremendous pace of which it is capable, and which is the wonder of the world outside America.

FIVE MILLION FARM FAMILIES

Over 3 million farm families work full-time at farming, almost 2 million others spend part of their working hours on the farm. These 5 million farming families comprise that many separate small-business enterprises, with the family and home closely associated with the farming operation. Almost all the labor is done by the farm operator, members of his family, and the year-around hired hand. Crops and livestock are long-term production processes that cannot be turned on and off from day to day. Most of the farmers' costs are overhead costs that continue even if he makes no crop or raises no livestock. There is his investment in land and buildings and other improvements. He cannot fire his wife and kids, and reduce that expense.

Even though his prices drop he has no alternative but to keep right on producing as long as the fertility of the land will permit and as long as his machinery and other equipment will last. So farm production stays up but incomes drop, and farm family purchasing power tumbles.

Even if the individual farmer were able to cut production he would only lose by doing so, because his small share in the total supply would have no noticeable effect in raising prices.

Not so in industry, where overhead costs make up but a small share of the total. The big industrialist can lay off his labor and cancel orders. By doing so he can escape those costs. Thus, in concert with often not more than 3 or 4 others, he can cut costs by reducing his output while maintaining price. And that historically is just what has happened. That is just what happened throughout 1953 and is happening now.

ECONOMY IS SICK

The national economy has become ill. And so far, farm families and the business and professional people they buy from are absorbing most of the pain.

From the standpoint of equity and justice, is it fair to farm people to ask them to bear such a very large part of the economic ills of the Nation? The real incomes of nonfarm people are now the highest in all history. The purchasing power of farm people is the lowest since before World War II—down 35 percent from only 7 years ago, down more than 20 percent in the past year. Such a situation is obviously unfair, and obviously dangerous from the lessons of past experience.

The farmer learned his lesson very late, and at great cost. All other major industries in the United States had acquired by 1930, effective control over their selling prices by effective organization sometimes aided by Government policies as for example in tariff, patent, and trade-mark protection.

FARMERS HELPLESS

Every one of these devices was designed to increase the bargaining power of the groups which benefited by them. In this world of organized and armored giants, farmers were as helpless as naked men forced to fight against men in tanks. Everybody else made more money off the farmer than they allowed him to keep. Farmers tried to gain economic equality in an organized world, by joining together into cooperative associations to buy and to sell jointly. Cooperatives have helped, but have proven unable by themselves to provide the farmer with full and self-protective bargaining power. Even when they bought and sold together, farmers found themselves still paying high retail prices in markets controlled by formal or informal combinations such as in farm machinery, fertilizer, and so on through the entire list of their needs. At the same time, they found themselves competing with each other, to sell at wholesale prices on an uncontrolled market—or one in which the only vestige of control, or rather manipulation, was exercised by those interested only in playing off farmers against each other, that the products of farmers might be bought more cheaply.

All the fortunes made out of farm products have been made by speculators and processors. The inevitable result was the rapid decline of the American farmer toward peasantry, even while he worked day and night, and flogged and sometimes ruined his land to make a bare living. By 1930 again, more than 4 out of every 10 American farmers were tenants working for someone else. The wonder is that America retrieved the situation before the vast proportion of her farmers sank into peasantry or hopeless tenantry, or abandoned the farm as hopeless and moved to the cities to compete with the toiling millions there for jobs. But we did it.

CARROT AND THE STICK

Now we are faced with loud demands, largely from those who "farm the farmers"; and from income-tax farmers who have made fortunes in the city and who find farming a convenient way of setting up tax losses, that a new farm program be set up under which price supports will be lowered or withdrawn from farmers for producing plenteously; and heightened for producing scantily. The philosophy of scarcity will be enforced to the full. This is the old system of the carrot and the stick, save that in this instance, considering the farmers to be too dumb to understand, the carrot will be used to goad them, and the stick to belabor them across the nose.

This is all especially foolish considering the fact that our 7,500 new mouths to feed daily will by 1975 (only a heartbeat away in the life of a nation) require that farm production in this country increase by half, if we are not to become permanently a food-importing nation at the mercy of foreign producers—and if the teeming billions of the outside world have by that time any food left to send us. If the economists are right in their well-nigh unanimous predictions, our national income will by then afford nearly twice as much real income to each American. The Nation will have plenty to spend, as it has plenty now, for food and fiber. It is the height of thrift to spend enough of it in such a way as to keep people in farming, keep their children in farming against the pull of the cities, give the farmers enough money to farm prudently and to save their soil instead of wasting it, and to adopt the latest labor-saving and product-improving discoveries and devices. It is the height of folly to continue to shove the farmer back, cut his income and progressively starve him out as in the old fable of the miser who got his horse down to one stalk of hay a day—when the horse inconsiderably stopped breathing.

MUST HAVE RESERVE

In the interests of the national safety, and of turning to our side the undecided nations in the cold war as well as hot ones. We need for these purposes at least a year's reserve of the staples; but all the good effects of such a reserve will be canceled out if they are held as a threat ready to be thrown on the market to lower farmers' prices and to cancel out the encouraging and protective effect of price-support programs.

Mr. LANGER. Mr. President, how many people have asked me, "What do you mean by parity?" Well, it is simple.

"Parity," as applied to income, shall be that gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupation. "Parity" as applied to income from any agricultural commodity for any year, shall be that gross income which bears the same relationship to parity income from agriculture for such year as the average gross income from such commodity for the preceding 10 calendar years bears to the average gross income from agriculture for such 10 calendar years.

That is from Public Law 897, 80th Congress, Agricultural Act of 1948, title II, section 201 (a) (2).

Mr. President, one way of measuring the degree to which farm income approaches parity as defined above is to compare the incomes received by people who live on farms.

I am not talking about the "sidewalk" farmer, the man who farms on the side. I am talking about the man who lives on the farm, the small farmer.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. The Senator does not mean the ones who deduct from their income tax what they lost on the farms.

Mr. LANGER. That is correct.

Mr. JOHNSTON of South Carolina. The Senator does not mean people who say they are farming, and who try to farm, but find out what they lost by trying to farm?

Mr. LANGER. True.

Mr. JOHNSTON of South Carolina. And the Government finds it out when it looks at the income-tax returns.

Mr. LANGER. The senior Senator from South Carolina [Mr. JOHNSTON] is exactly right.

I am talking about people who live on farms, including farm laborers, part-time farmers, farm managers, farm residents, and owners of larger than family farms as well as families on family farms, and not people who do not live on farms. Some of the income of people who live on farms—from 20 to 30 percent in various years—comes from nonfarm sources. Some of the income of the nonfarm population is receipt of rent and of interest on farm mortgages.

I request unanimous consent at this point to insert a number of tables in the RECORD on this subject because they are very explicit and go into the matter in great detail.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Relation between parity price ratio and parity income ratio

	1910–14	1935–39	1947–49	1952	1953
Farm prices, percent of parity [1]	100	86	108	100	92
Per person income, people on farms [1]	$134	$243	$827	$905	$882
Per person income, nonfarm population [1]	$473	$599	$1,426	$1,842	$1,898
Farmers income, percent of parity [2]	28	41	58	49	46

[1] Source: Agricultural Marketing Service, formerly Bureau of Agricultural Economics.
[2] Calculated by dividing farm by nonfarm per person incomes.

Average and middle family incomes of different occupation groups

[Data from Board of Governors, Federal Reserve System; in 1953 Statistical Abstract of United States]

[In 1953 Statistical Abstract of United States]

Occupation of head of family	Average yearly income [1]			Middle income [2]	
	1949	1950	1951	1950	1951
Professional and semi-professional	$5,350	$5,630	$6,020	$4,500	$4,500
Managerial	5,960	6,580	8,960	4,950	5,350
Business	5,400	5,330	5,820	4,100	4,180
Clerical and sales	3,260	3,910	3,920	3,200	3,410
Skilled and semi-skilled labor	3,350	3,530	3,970	3,600	3,800
Unskilled and service labor	2,220	2,350	2,320	2,100	2,100
Farm operator	2,570	2,480	2,660	1,900	1,880

[1] Total income of group divided by number of families in group.

[2] Half of families in group had more income than shown and half of families had less.

The figures shown above for "farm operator" are for all farm operators, including larger-than-family units as well as part-time and residential farm units, and includes income from all sources.

For comparison purpose, the table below compares the average income in 1949 from farming and from all sources as calculated from special tabulations published by Bureau of Agricultural Economics and Bureau of Census, in cooperation.

Full-time family farms, 1949

Average per-family income from farming	$1,896
Average per-family income from other sources	725
Average per-family income from all sources	2,621

The median (middle income) family income of farm families on full-time family farms was probably close to $1,900 in 1949.

Variation of incomes among farm people and within nonfarm population

[Percent distribution of families by total money income, 1951]

	Total number	Under $3,000	$3,000-$4,999	$5,000 and over
Farm operator families	3,451,000	68.5	19.1	12.4
All other families	36,371,000	40.0	38.5	21.5
Farm laborers	613,000	86.8	9.4	3.7

Source: Bureau of Census.

Median (half got more; half less) family income in 1951 of farm, rural nonfarm, and urban families compared

Urban	$4,071
Rural nonfarm	3,365
Rural farm [1]	2,131

[1] Including farm laborers, farm managers, etc.

Source: Bureau of Census, series P-60, No. 12.

Average income per person of people who live on farms compared with that of nonfarm population, selected years

[1953 dollars]

	1935-39	1941	1948	1951	1952	1953
People on farms [1]	528	724	995	986	905	882
Nonfarm population	1,152	1,489	1,684	1,796	1,842	1,898

[Actual dollars]

People on farms [1]	243	346	925	986	905	882
Nonfarm population	599	819	1,516	1,742	1,842	1,898
People on farms from farming [2]	169	244	728	753	655	615
People on farms, other sources [3]	74	102	197	223	250	267

[1] Income per person from all sources, include farm laborers and their wages.

[2] Income derived from farming.

[3] About 80 percent of this is nonfarm wages and 20 percent return from investments.

Source: Data from Agricultural Marketing Service, formerly Bureau of Agricultural Economics.

Percent of families in different income groups, 1951

[Bureau of Census figures]

	Urban families	Rural nonfarm families	Farm families
Under $2,500	20.4	32.7	58.5
$2,500 to $4,999	45.6	44.6	29.1
$5,000 to $9,999	29.5	20.6	10.6
$10,000 and over	4.5	2.1	1.8
All	100.0	100.0	100.0

Average value of farm products sold, average total annual farm operating expenses, and average farm and family income, for different groups of family farms, 1949

	Number of families	Average per family for group				
		Value of farm products sold	Annual operating expenses	Family income from farm	Income from other source	Total family income
Relatively adequate	1,984,664					
Group X	381,151	$14,990	$10,260	$4,730	$870	$5,600
Group XX	721,211	7,060	4,030	3,030	670	3,700
Group XXX	882,302	3,670	1,920	1,750	750	2,500
Grossly inadequate	1,618,517					
Group Y	901,316	1,780	800	980	920	1,900
Group YY	717,201	1,035	485	550	425	975

The Gallup poll in 1953 found that farmers think that about $2,100 per year is the smallest amount needed for a farm family to get by on.

By the measure suggested by farmers themselves approximately 1,608,517 (45 percent) family farmers had grossly inadequate incomes, and about half (50 percent) of all people on farms had grossly inadequate incomes.

The Bureau of Labor statistics estimated that a Denver, Colo., city worker's 4-person family in terms of 1949 prices needed an income of $3,800 in order to have a modest but adequate standard of living. In terms of the lower prices farm families pay for food and rent (15 percent less) that means that a farm family should have had about $3,200 (in 1949 dollars) in total income available for family living in order to have what might be termed a modest but adequate American standard of living on the farm.

Less than one-third of America's family farmers, 1,002,372 were able to earn this much or more income in 1949. More than two-thirds (2,500,819) had less.

Percentage distribution of full-time farm operator families and all families by family income from all sources, 1949

[Source: Special cooperative study, BAE and Bureau of Census]

1949 family income	Farm operator families	All families in United States
	Percent	*Percent*
Under $500	13	7
$500 to $999	14	8
$1,000 to $1,999	25	14
$2,000 to $2,999	17	19
$3,000 and over	31	52
All	100	100

Index numbers of family income

	1910-14	1935-39	1947-49	1951	1952	1953
Manufacturing workers	100	215	509	621	652	687
Hired farm laborers	100	121	430	470	503	513
Income per farm family	100	181	617	736	675	658
Nonfarm population	100	127	309	368	389	401
Manufacturing workers weekly earnings	$10.52	$22.42	$53.01	$64.71	$67.97	$71.54
Annual per capita income, person on farms	$134.00	$243.00	$827.00	$986.00	$905.00	$882.00
Annual per capita income, nonfarm population	$473.00	$599.00	$1,462.00	$1,742.00	$1,842.00	$1,898.00
Farmer income, percent of parity income	28	41	58	56	49	46

How farm families are doing (1953 compared with 1952)

Item	1952	1953	Change 1952 to 1953
			Percent
Purchasing power of farm families [1] (million 1953 dollars)	$13.5	$12.8	−5
Corporation profits [2] (billion dollars)	$39.2	$43.2	+10
Corporation profits [3]	$18.6	$19.6	+5
Dividends paid by corporation [1] (billion 1953 dollars)	$9.1	$9.3	+2
Average weekly earnings of manufacturing workers [1] (1953 dollars)	$69	$72	+4
Rate of interest on corporate bonds (percent)	2.96	3.20	+8

See footnotes at end of table.

How farm families are doing (1953 compared with 1952)—Continued

Item	1952	1953	Change 1952 to 1953
			Percent
Rate of interest on 4-6 commercial paper (percent)	$2.33	$2.52	+8
Rate of interest on new farm mortgages (percent)	4.75	5.00	+5
Everybody's personal income, after taxes [4] (billion 1953 dollars)	$235	$248	+6
Gross national income (million 1953 dollars)	348	367	+5

[1] Before paying personal income tax.

[2] Before paying corporation income tax.

[3] After taxes.

[4] Includes income received minus taxes paid of farm families, laborers, merchants, clerks, everybody.

The way farm-family income has been dropping when almost everybody else in the country is doing better

	Income per person						
	1947	1948	1949	1950	1951	1952	1953
Farm people	$788	$925	$767	$818	$986	$905	$882
Nonfarm people	1,386	1,516	1,484	1,567	1,742	1,842	1,898
Income after taxes per person per year, everyone in the United States (1953 dollars)	1,392	1,442	1,424	1,509	1,508	1,516	1,553

Real income per person from all sources

[1953 dollars]

	1952	1953	Change
			Percent
Farm people	$905	$882	−2.5
Nonfarm people	1,842	1,898	+3

One result of recent downturn was: Net worth of United States farm families dropped by 7 percent from Jan. 1, 1953, to Jan. 1, 1954.

	Billions of dollars on Jan. 1	
	1953	1954
Farm assets dropped	$165	$156
Real-estate assets	92	86
Nonestate assets	51	48
Financial assets	22	22
Debts rose	16	17
Real-estate debt	7	8
Other debt	9	9
Net worth:		
Current dollar	149	139
1953 dollars	148	139

Mr. LANGER. Mr. President, in conclusion, I simply wish to say that in 2 minutes my hour and a half expires. I asked for 1½ hours yesterday. The Senate kindly and graciously granted me that hour and a half, and I am grateful to all Members of this body for not objecting to my request.

I simply wish to say in conclusion that I believe that no Senator who will take the trouble to go into this matter carefully can come to any other conclusion but that price supports should be sustained, at least at 90 percent. No one has ever convinced the Senator from North Dakota that there should not be price supports at 100 percent. What legitimate argument can there be against a farmer being treated 100 percent as well as the man in industry or business, a man who may be in the newspaper publishing business, or in any other concern which has been getting the benefit of subsidies.

I hope that every Senator will carefully investigate the question of subsidies, because it is sadly misunderstood from one end of the country to the other. Many people feel that the farmers have been getting something in the form of a subsidy, and that no one else has been getting it.

The truth of the matter is that the opposite has been the case. The man in the lumbering business, the man who operates a large airplane company, and the newspaper publisher all have subsidies, including the mining industry.

As I showed by my figures, the amount the farmer has received is far, far less than has been given to any industry in existence in the United States today.

POLITICS IN CIVIL SERVICE

During the delivery of Mr. LANGER'S speech,

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from South Carolina?

Mr. LANGER. I did not know the Senator was going to accept the invitation so quickly. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. The Senator yielded a while ago, and he was so glad to do it I thought perhaps he would be willing to yield in order that I might ask unanimous consent to insert in the body of the RECORD a series of four articles appearing in the Washington Post and Times Herald.

These articles have been written by that very able and esteemed Government reporter, Jerry Kluttz.

The first of the series appeared on June 13, 1954, entitled: "Politics Engulfing More Top-Pay Jobs."

The second appeared June 14, 1954, entitled "Political Demands Cause Difficulty for Civil Service Commission Chairman."

The third was under date of July 19, 1954, entitled "Drive for Patronage Seeks Added Jobs."

And the last appeared on August 1, 1954, entitled "Civil Service Action Opens Path to Control of Many Jobs by Patronage Forces."

Mr. President, it looks to me and others with whom I have talked that the "great crusade" has really started rolling—but after it got all warmed up, somebody headed it in the wrong direction.

I will have to say to some of the Republican spokesmen who have been using the old alibi for the inactivity of their administration by saying, "You can't undo in 18 months what it took the Democrats 20 years to build up," they certainly are not referring to the civil service merit system.

The Ace Wrecking Co. could not have done a better job, in so short a time, of destroying a civil service merit system that it took the Democrats 20 years to build up.

Mr. LANGER. Mr. President, I decline to yield further. I did not understand my distinguished friend was going to attack the Republican Party. I am not yielding for that purpose. If he wants to attack the grand old party of which I am a member, he has to do it on his own time. I certainly am not going to stand here and yield for any such purpose as that.

Mr. JOHNSTON of South Carolina. I ask unanimous consent to have these articles and a few additional comments by me printed in the RECORD.

There being no objection, the comments of Mr. JOHNSTON of South Carolina, and the articles, were ordered to be printed in the RECORD, as follows:

I have tried repeatedly on many occasions to impress the Republican members of this body of the great and urgent need for an immediate investigation to put a stop to this "rape" being accomplished by the Civil Service Commission and the Post Office Department. With the session drawing to a close it looks as though I will not be successful.

However, I want now to serve notice that next January when we again assemble in this Chamber under a Democratic majority leadership—my first request will be for necessary funds to conduct a thorough investigation of this spoils-system commission and to develop the necessary legislation that would restore integrity and security to Government.

[From the Washington Post and Times Herald of June 13, 1954]

POLITICS ENGULFING MORE TOP-PAY JOBS

(By Jerry Kluttz)

Something happened the other day which should be a danger signal to those who are genuinely interested in the already crippled career civil-service system.

Bluntly, it could be the prelude to the dumping of additional top-rung classified jobs into politics.

Briefly, here's the story:

The Senator voted to allow the Administrator of Federal Housing to set up 18 GS-16 ($12,000) jobs outside the civil-service system. The FHA chief was given the authority to make strictly political appointments to all 18 of the so-called super-grade jobs under the rider.

The significance of the action, however, is far more important than the 18 jobs in themselves. Here's some of the background on it:

Politicians of both parties have had their eyes on the grade 16, 17, and 18 jobs ($12,000 to $14,800) since they were created several years ago.

The weak argument has been made recently, by the House Appropriations Committee and by individual members of Congress, that the top classified jobs were never intended for the career civil servant but were set up to induce outsiders to enter the service for limited periods (as if no career people are qualified for the grades and the salaries and that only outsiders are deserving of them).

The Civil Service Commission itself is partly responsible for focusing political interest in the top-pay jobs. A year ago it embarked on a plan to strip civil service from those jobs it defined as either "policy" or "confidential."

CSC has stretched the meaning of "policy" and "confidential" to exempt some of the jobs from the merit system, and it isn't stretching the truth to say it has yielded to political pressures on some of the cases. Also, its use of schedule A to open up jobs for possible political appointments is also open to question.

CSC has the authority to strip civil service from Federal jobs, which makes the nonveteran career employees in them vulnerable to political firings. But it can't waive veterans' preference and the job security provisions of that act. As a result, the many veterans in schedule A and C jobs outside of civil service can't be arbitrarily removed.

Several agency heads would like to fire some of the veterans in the exempt jobs to make room for their own appointees and they are promoting legislation similar to the FHA rider to get for themselves the absolute power to hire and fire in the top classified jobs.

Meantime, there is talk of requiring Senate confirmation of appointments in many top jobs, and it is being indulged in by both Republicans and Democrats. This is their argument:

CSC says there are several hundred jobs, from grade 12 up, which don't belong in the career civil-service system and it has transferred them to its political schedule C. The Senate confirms appointments to most policy jobs, so why shouldn't it confirm those in schedule C?

It isn't an easy argument to answer, and if confirmation is required, the result likely would be more politics and less merit in the entire top layer of Federal jobs. The ceiling would be lowered on both salaries and jobs to which those employees could aspire on the basis of their own abilities and competence. It would be politics first, ability second.

It's unfortunately true that partisan political considerations already are entering into the appointments and promotions of people to civil service jobs which are supposed to be filled on a merit basis. When some agencies mix civil service and politics, Congress can't be blamed for trying to horn in on the act.

People involved, and who should know firsthand, have made these serious charges of politics in the civil service, despite agency denials in some instances:

Foreign Operations has required clearance for even stenographers and clerks. Also, civil servants up for promotions on their own merits have had to round up letters of indorsements from certain GOP sources. Reportedly, most appointments and promotions in that agency must have the prior O. K. of the patronage dispenser there.

Some displaced career employees who have spent their adult lives in Government, and who were laid off through no fault of their own, soon discovered that a GOP political clearance was the single most effective means of finding another Federal job.

Endorsements from certain political sources will help pave the way to land a middle- or high-grade job at Small Business, State, Commerce, Justice, Post Office, Agriculture, and in even some supposedly "nonpartisan" Commissions.

Political clearances are said to be required from civil servants for grade promotions to grade 13 (and upward) jobs by several agencies.

Reportedly, a CSC office in the agency set up to promote and strengthen the merit system is checked by some key agency officials for "guidance" on how to get around the civil service system legally in order to make political appointments and promotions.

Add it all up, and it isn't a pretty picture.

[From the Washington Post and Times Herald of June 14, 1954]

POLITICAL DEMANDS CAUSE DIFFICULTY FOR CSC CHAIRMAN

(By Jerry Kluttz)

Politics and civil service mix about as well as oil and water. The two are natural enemies; they are polls apart.

Nevertheless, a stout effort has been made by some top people in this administration to blend the two opposites.

In fact, several influential Republicans in Congress have tried to oust CSC Chairman Philip Young because he hasn't always been sympathetic to their patronage demands.

During Senate hearings on CSC's budget, Young was quizzed at length for details on the estimated 315,000 non-civil-service jobs in Government and how they could be made available for political appointments.

Senator DIRKSEN, Republican, of Illinois, chairman of the GOP Senate campaign committee and who is charged for unearthing patronage for his Senate colleagues, was grilling Young and at one point he said in part: Can't you break this down (the 315,000 job figure) and give us a little more data in tabular form and show us where these are? * * * If I can just transmit that information and say to the various members, 'Look, here is a job; there is a job,' it makes the task a good deal easier.

"You tell me what you can do to get me out of this difficulty; otherwise, they will be looking for your scalp and mine."

Young quickly conceded that his scalp was getting pretty worn, and when he hesitated about supplying the information, DIRKSEN commented:

"I would like to make a little deal," he said to Young, "If you whisper to me how much money you need to do this job, I will speak to our chairman over here and see what I can do about it."

Young then agreed to make a survey and to supply detailed information on schedule A and C jobs outside of civil service that could be used for patronage.

The subject was ended with this implied warning from DIRKSEN to Young:

"I must assure you that I am constrained to pursue this. I have no choice in the matter. I shall have to pursue it with a great deal of vigor. * * * I trust that before too long something concrete will materialize."

Congress should have full information on all Federal jobs; that's not the point. CSC was set up to promote and to strengthen the merit system in Government and not to be a clearinghouse on possible patronage jobs—data which is available only in the respective agencies.

CSC Chairmen and its members have been threatened in the past for their alleged failure to take steps which some people believe would have been to the best interests of the merit system, but this is one of the few times a chairman has been threatened with the loss of his job because he was reluctant to put his finger on agency jobs that could be used for patronage.

As pointed out here yesterday, a CSC office reportedly aids and abets the agency patronage officials by advising them how to get around CSC, and so forth.

CSC seems to be paying more attention to GOP politics and patronage and less to its task—the improvement of the career CS system.

Realistic Members of Congress know that no substantial number of Federal jobs can be turned over to patronage outright unless the veterans' preference and other such laws are modified. Only Congress can change these laws and it won't do it. So, some of its Members are trying to badger CSC to do its work.

Nonetheless, a political climate is being created in some agencies and career civil servants are asking: "Is it more important to get a letter of recommendation from a precinct political boss or have the qualifications and the ability to get either a job or a promotion in some agencies?"

[From the Washington Post and Times Herald of July 19, 1954]

DRIVE FOR PATRONAGE SEEKS ADDED JOBS

(By Jerry Kluttz)

The Eisenhower administration is making a determined effort to assume partisan political control over many thousands of Federal jobs both in and out of the civil-service system.

The drive for patronage is being directed from the White House.

The Republican National Committee set up an elaborate system here to clear people down to the precinct level for both Federal appointments and promotions.

Army, Navy, Air Force, Foreign Operations, and bipartisan agencies that have been more or less insulated from political patronage demands in the past are not excluded from the present drive for jobs.

It is routine, and expected, for the administration in power to exercise political control over many jobs outside the civil service and other merit systems such as those operated by TVA, FBI, etc.

But the current drive also includes some jobs under the civil-service system, jobs which are supposed to be free from partisan political considerations and to be filled on the basis of merit.

Outside the Post Office Department, where politics has been considered for years in appointments and promotions to many of its jobs, civil service and otherwise, the civil-service system in general has been relatively free of partisan political influences.

A high-ranking official says the present Civil Service Commission seems to have closed its eyes to the growing influence of partisan political considerations on appointments to some of the jobs under its merit system.

The patronage drive, now well under way, has helped to silence demands on the Eisenhower administration for jobs from GOP members of Congress and from the Republican National Committee.

Soon after the Eisenhower administration was swept into power, the Republican National Committee, as was expected, attempted to dictate appointments to many Federal jobs.

At first the committee had very little success. Its officials were told repeatedly that this or that job in question was under civil service or the person in it had either permanent civil-service status or veterans' preference rights.

Gradually, however, a few of the agencies began to "clear" appointments, including those for some civil-service jobs, with the committee. This was done through a top-level appointee in the agency whose job is to check the political angle on appointments and promotions.

A notable example of political operation along this line is Harold Stassen's Foreign Operations Agency, where even stenographers and clerks have been required to produce the "proper political clearance." No appointment or promotion can be finally approved in the Agency unless it has the approval of the lady there who is Stassen's liaison with the administration's political arm.

Other agencies, however, continued to make appointments and promotions within the civil-service process, and they did not clear them in advance with the Republican National Committee.

Somewhere along the line came a recent showdown at the White House, and the decision there was apparently cast with the patronage forces.

In recent weeks agency heads have received "confidential—not for publication" letters on White House stationery, in which they were directed to "clear" certain of their jobs with the committee before making appointments to them.

Strangely, the letters were not signed. Only a small supply was printed. Reportedly, they were delivered by hand to some agency heads for their information only. Precautions were taken to keep copies from the public eye.

However, it is reported on excellent authority that many agency heads have been instructed either by letter or orally to "clear" appointments to these jobs with the Republican National Committee:

Jobs in grade 14 ($9,600 starting salary) and upward irrespective of whether they are in or out of the civil-service system.

So-called 303 jobs, positions under civil service but which the CSC cannot fill with sufficient qualified eligibles. In such cases CSC authorizes the agencies to hire people on the open market for them. The agencies, however, are supposed to require appointees to meet minimum CS standards for the jobs, to follow veterans' preference, etc.

Jobs, such as attorneys and others, outside the civil-service system.

Even though the White House directive on jobs was unsigned, officials assume it came from the office of Sherman Adams, the assistant to the President. Adams' assistant on patronage matters is Charles F. Willis, Jr., and he is the contact man with the National Committee on most agency officials.

Despite the directive, several agency heads whose jobs are under civil service are said not to have cooperated to the point desired by the patronage forces.

One top-rank official, an Eisenhower appointee, is said to have threatened to resign with a blast at the patronage drive.

Meantime, CSC, the agency charged with strengthening the merit system, is compiling details on many thousands of non-civil-service jobs which will be turned over to the patronage forces.

[From the Washington Post and Times Herald of August 1, 1954]

CSC ACTION OPENS PATH TO CONTROL OF MANY JOBS BY PATRONAGE FORCES

(By Jerry Kluttz)

The Civil Service Commission has, by a recent action, helped clear the path to partisan political control over many thousands of Federal jobs which are supposed to be under its merit system.

The agency was created to strengthen the merit system in Government; it is supposed to be divorced from political considerations in the appointments and promotions of Federal personnel.

In an unpublicized move, however, CSC directed each of its 10 regional offices and the 800 agency boards of examiners to send a copy of each authorized job opening to the head of the appropriate agency here. Officially, it now maintains this step was taken for another purpose—to keep a closer check on the direct hiring of agencies.

However, once the lists of civil-service jobs to be filled are sent here, political wheels begin to grind. Many of the jobs are referred to the Republican National Committee and to other GOP political sources, and candidates who are cleared politically are given preference for the appointments.

As revealed here on July 19, agency heads have been directed by the White House to clear appointments to these and to other Federal jobs with the Republican National Committee. The recent CSC action makes the task of spotting vacant Federal jobs, and of clearing them, much easier for politicians.

In fact, a top Federal official conceded to this reporter that the CSC order was for the dual purpose of supplying Federal job information to GOP patronage forces and also to provide CSC with information on the effectiveness of its job examining program.

The jobs involved are referred to as "303 authority" positions by Government people. These positions are under civil service, but are ones which CSC is unable to fill from a list of eligibles who qualified for them through competitive tests. In such cases, CSC authorizes the agencies to fill the jobs from the open market, provided the people selected meet its minimum standards for them.

An estimated 40,000 jobs were filled last year through the direct hiring, or "303 authority." Despite the slowdown in Federal hiring, the number this year could be even larger for these reasons:

1. CSC has a smaller operating budget; it has fewer dollars to spend on competitive tests, and that would indicate more CSC jobs will be filled through direct agency hiring.

2. However, there is a deep suspicion in reliable quarters that some agency officials in the field have yielded to political pressures and are deliberately not holding tests for some jobs in order to open the door for appointments to them from political sources.

The extent to which CSC will enter the partisan political arena is likely to be determined by the method used to fill its several vacant regional director positions.

Reportedly, Chairman Philip Young, who has the power over them, wants to fill them with career civil servants on a merit basis, a system followed many years by the agency which is charged with promotion of a career system in Government.

However, there are those in powerful places who are said to be insisting on GOP political clearances for the jobs. Also, the same sources are reported to be after the jobs of several CSC officials here and in the field.

Young reluctantly agreed to provide GOP members of Congress with details on the many thousands of noncivil service jobs which could be turned over to patronage after they had threatened to get his scalp.

AGRICULTURAL ACT OF 1954

The Senate resumed the consideration of the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes.

Mr. MURRAY. Mr. President, I shall detain the Senate only for a short period by the remarks I am about to make.

At the outset, I should like to say that it cannot be disputed that a majority of the farmers in the United States are in real economic trouble.

Their prices are down from 112 percent of parity in 1951 to 88 percent of parity now.

They have been required to reduce acreage of corn, wheat, and cotton, and must reduce them more next year.

The prices that farmers have to pay for supplies—their expenses—remain at peak levels.

The result is a serious farm recession that is injuring our whole economy, and we have not hit bottom yet. In 1955 further reductions in acreage must be made to shrink our production to the level of our outlets.

On top of all of this, it is now proposed that we reduce the level of price supports.

Mr. President, ever since I came to the Senate, along with a majority of my colleagues, I have fought to improve our farm price support system. Throughout these years of continuous struggle against the various predatory interests that seek to exploit the farm people, our goal has been a price support system that would prevent a farm recession, and also prevent another depression in the United States like that of the late twenties and early thirties, which was farm-led and farm-fed.

We have been preparing defenses against just such a time as the present—a program that would prevent an economic disaster in agriculture and consequent national economic difficulties.

Now that the time of greatest need for firm farm price supports is upon us, it is proposed to weaken them—to drop them from 90 percent of parity to 80 percent minimum next year and on down to 75 percent in 1956.

This is the year, with drastic acreage reductions and farm costs remaining high, when we ought to raise supports to 100 percent of parity.

In Montana this year we have taken a 24 percent reduction in wheat acreage. The loan value of our 1953 wheat crop was $252 million. This year, if yields per acre are the same as a year ago, our crop will be worth $191 million at 90 percent of parity. That means a $61 million fall in Montana wheat income this year. It will hurt business in every town and in every store in the State.

Next year, Montana wheat farmers face another 14 percent cut in wheat acreage from 4,603,000 acres to 4,025,000. With 90 percent price supports and the same yields as in 1953, that crop will be worth $165 million.

Mr. President, if the Aiken amendment to cut minimum supports to 80 percent of parity is adopted, it would knock the support value of next year's Montana wheat crop down another $15 million to $16.5 million, to $150 million or less. It would not result in any reduction in land planted to wheat by a single acre. It would not reduce bread price to consumers. It would accomplish absolutely nothing but a further reduction in farm income, a worsening of the farmers' troubles and a worsening of the perilous economic situation of the Nation.

The great tragedy of our present agricultural situation is that the administration has devoted its time to a crusade against our great farm programs, instead of constructive efforts to make worthwhile use of our abundant production.

There are hungry people in the United States and starving people in the free world who need all the food we can produce. More than a year ago I was joined by a large number of Senators in the introduction of a resolution calling for the creation of an international food reserve. Such a reserve would make it possible to use our great agricultural production to help our free world allies banish want. It would help to establish peace. It was hailed by many groups in the United States and in other parts of the world.

The international food reserve proposal has received no consideration by the administration or by the committees of this Congress. We have adopted an International Development and Assistance Act that authorizes barter, sale for nondollar currency, and sale at cut rates of a small fraction of our so-called surpluses. It may do a little good, but $1 billion in 3 years is miserly compared to the sort of program that should be initiated in view of both of our domestic agricultural problems and the free world need for food.

We are spending tens of billions of dollars every year on military preparedness. We are sending billions of military supplies abroad every year to strengthen free world defenses.

Everyone knows that food and clothing are two of the most vital weapons in mankind's struggle for a happier and more peaceful world. We can supply these in large quantities. But we are miserly about them at a moment when the farmers of this Nation need outlets and the free world needs food and clothing desperately to end unrest and halt the growth of communism among hungry peoples.

Mr. President, there are domestic outlets for food that have not been fully supplied.

The distinguished senior Senator from Oklahoma [Mr. KERR] and other Senators introduced a bill to provide those on old-age assistance with food certificates equal to 10 percent of the funds

provided for them. It would improve their inadequate standards of living a little bit. It was a timely proposal.

A number of us have joined with the distinguished Senator from Minnesota [Mr. HUMPHREY] in a domestic food allotment proposal, but it has not been given consideration. The able and respected chairman of the Senate Committee on Agriculture [Mr. AIKEN] is the author of a similar proposal, but he has not pressed his bill.

These measures would constitute constructive steps to meet the farm problem by expanding markets and making use of our abundance to meet the needs of people here in the United States and the free world.

But instead of pressing for a great expansion in the use of our farm production, which might have lessened the necessary acreage reductions and price pressures, the administration has concentrated on shrinking farm production down to the size of present available markets.

We have been told that lower farm prices will increase food consumption.

The House Agriculture Committee has demonstrated the complete falsity of that contention in its study of farm prices and the cost of food to consumers.

Farm prices went up 29 percent when the price controls were removed at the end of World War II. But consumer food prices went up 45 percent.

Since 1951, the farmers' prices have dropped from 112 percent of parity down to 88 percent of parity. But food prices are down less than 1 percent.

In June of this year—just a few weeks ago—farm prices fell 4 percent and retail food prices advanced one-half of 1 percent.

The House committee reported that—

> Thus far almost none of the lower prices received by farmers since 1951 has been passed on to consumers in the form of lower retail food prices. Further declines in farm prices are expected as more livestock and livestock products come to market and price-support levels are lowered. Consumers can expect little benefit, however, from these lower farm prices unless recent tendencies to increase marketing and processing charges are curbed.

What has been done to curb these widening marketing and processing charges? Why, we have forbidden the Federal Trade Commission to spend any of its funds for an investigation of food price spreads. And there has been no congressional investigation of these spreads, although one was promised us earlier in this session of the Congress.

An effective attack on these price spreads which actually lowered food prices to consumers might stimulate consumption somewhat and relieve the farmers of acreage reductions in some degree. But that attack upon the problem of greater consumption has been avoided. There has been an apparent determination to make the farmers' lot as hard as possible; to make him shoulder the entire burden of postwar adjustment while agricultural processing and marketing industries, and industries generally, have increased both their margins and their profits.

Mr. President, a great deal has been said about the cost of price supports. Secretary of Agriculture Benson has used multibillion-dollar figures about Commodity Credit Corporation stocks whenever he refers to what price supports are costing the taxpayers.

The fact is that actual losses on price-support operations have been only a little over $1 billion in 20 years. Budgeted aids to agriculture have been running far below budgeted aids to business. From 1949 through 1955 the budget shows that our total expenditures for agricultural aids will amount to $3.7 billion, while appropriations for aids to business will run nearly $5.9 billion.

I hold in my hand a document entitled "Government Subsidy Historical Review," a publication of the House Committee on Agriculture, from page 2 of which I have quoted the above figures.

Mr. President, our great stockpile of food, which is actually a national asset, is almost insignificant compared to our stockpiles of other defense material. A House committee report in June shows that we had $129 billion of military materiel, a $5.7 billion stockpile of scarce minerals and other comodities, compared to less than $3 billion of farm commodities in Commodity Credit Corporation inventories last November 30. If CCC inventories amount to $5 billion, or even $6 billion, today, they are still small compared to other defense materials, and they are well worth whatever is invested in them. Abundant food supplies for our armies and our civilian population are as great a deterrent to an aggressor as arms and ammunition. Our abundant supplies of wheat and other foods and fiber were a principal factor in our victories in both World Wars. The A-bomb and the H-bomb have not ended the necessity for an abundance of food in the conduct of wars.

If we adopt a lower level of price supports, it will of itself be tremendously expensive to the Nation. We will have to devalue all Commodity Credit Corporation stocks, including stocks held as collateral for nonrecourse crop loans.

The ranking minority member of the House Agriculture Committee, Hon. HAROLD COOLEY, in an addresse to the House on July 27, estimated that such devaluation losses would run $1.6 billion if the price level fell from 90 percent to 75 percent of parity. On the basis of his calculations, a drop to 80 percent of parity would mean losses of more than a billion dollars—approximately the amount we have lost in 20 years on all price-support operations.

This tremendous loss would not gain anything either for the farmers or the consumers of the Nation.

The farm value of wheat in a 1-pound loaf of bread is 2.7 cents. A 2- or 3-mill reduction in wheat cost would not be reflected in consumer prices. As a matter of fact, when wheat reached its peak value of $2.81 per bushel in 1948, bread was seling under 14 cents a loaf. The price of wheat is down now to $1.91 a bushel but bread is up to 17 cents.

The farm value of cotton in a $3.95 cotton shirt is about 30 cents. If we reduce cotton prices 10 percent, it would mean a 3-cent saving on a $3.95 shirt, which would have very little likelihood of ever reaching the consumer.

The Secretary of Agriculture has had an opportunity to experiment with his theories about lower farm prices. The Congress has stood by while he lowered dairy price support from 90 percent of parity to 75 percent of parity. Production has continued to rise. The Commodity Credit Corporation continues to acquire stocks of butter, cheese, and dried milk.

Dairy farmers have been very seriously hurt, not only in loss of current income but by the devaluation of their herds and their dairy farms.

But the dairy problem has not been solved by the Secretary's drastic action. The major net effect has been to cause suffering and economic distress among the dairy producers of the Nation.

We should have had enough of this tragic experiment by this time to restore dairy price supports to a higher level.

Mr. President, we ought to be considering the farm problem today from the standpoint of the economic welfare of the farmers, and of the Nation as a whole. We ought to be seeking out means of increasing farm income and abating the farm recession. We ought to be considering ways to build up rather than tear down.

The Joint Committee on the Economic Report warned us early this year that this is no time to hit farmers with flexible-price supports or a new parity formula that would further reduce their income.

The committee majority told us that it seems most likely "that the proposed shift at this particular time would be an unnnecessary disrupting factor."

In the two decades that I have fought to help the farm people of this Nation achieve equity and a measure of economic security, I do not remember an episode in which the forces arrayed against the farmers' programs have been so completely without a defense of their viewpoint.

In the interests of the farmers of the Nation, and of our whole economy, I hope that the Senate will stand firm for 90 percent of parity price supports and that we will increase dairy price supports through our action on this farm bill.

Last week, Mr. President, I spoke briefly in opposition to the proposal to amend the farm bill by adding the content of S. 2548, a bill to give grazers greater rights in the national forests.

The opposition to this bill, as I pointed out, arises from the multiple uses of the forest lands. Our forest lands have been set aside primarily for timber purposes. But they have great watershed values, great recreation values, as well as timber values, all of which exceed, in dollar terms, the grazing values.

I want the grazing values of our national forests conserved to the extent possible and consistent with the other values, but I oppose any measure which will tend to give grazing a paramount voice in the administration of the national forests.

A report on the timber harvest from the national forests for the year ending June 30, 1954, has just been issued by the Department of Agriculture. It was the biggest year in history, with a cut of 5.37 billion board feet, compared to 5.16 billion board feet the previous year. The value of the timber harvested exceeded $65 million.

Also, Mr. President, I have received a release from the Department of the Interior showing how use of the national wildlife refuges increased in 1953. There were 4,686,909 visitors to the 272 refuge areas, an increase of 10 percent over the previous year.

I ask unanimous consent to have this Interior Department release printed in the RECORD at this point, because it indicates the increasing use of our great natural areas by fishermen, hunters, picnickers, for swimming and nature study, and by those who are just seeking the relaxation and inspiration of the great out-of-doors.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

PUBLIC USE OF FEDERAL WILDLIFE REFUGES SHOWS INCREASE

A record for the public use of national wildlife refuges was set during calendar year 1953 when 4,686,909 people visited the 272 areas administered by the Fish and Wildlife Service, Acting Secretary of the Interior Ralph A. Tudor said today.

This represents a 10 percent increase over the 1952 record of 4,260,789 persons seeking recreation on the refuge areas.

More than one-third, or 1,433,445, of the visitors in 1953 used the refuges for fishing. (Public hunting accounted for the most noticeable increase, with 347,988 visitor-days tabulated for such use, an increase of 87,648 over 1952.) Picnicking, swimming, and nature study opportunities were the principal objectives of the other visitors.

Refuges which attracted the most visitors were the Wichita Mountains, in Oklahoma, with 742,047; Crab Orchard, in southern Illinois, 714,240; upper Mississippi, extending along that river in Minnesota, Wisconsin, Illinois, and Iowa, 340,005; Wheeler, in Alabama, 291,000; Tennessee, in Tennessee, 225,000; Tule Lake, in California, 165,423; Havasu, along the Colorado River in Arizona and California, 160,000; and Horicon, in Wisconsin, 132,798.

As an important part of its overall program, the Fish and Wildlife Service administers 272 national wildlife refuges in the continental United States, Hawaii, Puerto Rico, and Alaska. These refuges are managed on a multiple-use basis, insofar as this can be accomplished without defeating the primary purpose for which each was established.

In the broadest sense, these refuges make their greatest contribution to the Nation's recreation in the production and protection of wildlife, particularly migratory waterfowl, in order to insure the perpetuation of the sport of wildfowling for several million hunters. The more tangible contributions the refuges make to recreation are the facilities available for fishing, camping, boating, picnicking, nature study, and related use.

On virtually all refuges, except during periods of waterfowl concentration, fishing is permitted in accordance with State laws and regulations. On a few refuges, which are large enough to accommodate limited hunting, the Service, in cooperation with State conservation departments has permitted public shooting on small portions of the areas.

Recreational facilities have been established, developed, and maintained on numerous refuge areas. On areas which lend themselves to recreational uses without involved development and construction, the facilities are provided by the Service. On others, the recreational facilities are developed and operated either in cooperation with local governmental or civic groups or by commercial concessioners.

Mr. MURRAY. While this release deals with wildlife refuges, all the great natural areas maintained by the Federal Government, such as the national parks and the national forests, have experienced a similar increase in visitors.

I have another Department release, which need not be printed which shows an increase in Federal revenues from concessionaries in the parks. This results from increased use of those areas.

It will be a great mistake, in view of the Nation's growing need for outdoor areas to meet these growing recreational needs, if we give a single, minor-use group a dominant position from which to control the forest areas or get a continuing vested right in them.

In Montana the vast majority of our livestock men are satisfied with the present arrangements for forest grazing. Our merchants are happy about the great flow of tourists who visit the forests and parks—they want more of them. We want to keep our outdoor areas in the finest possible shape for the city people who come to visit with us and enjoy the outdoors. They come from the Middle West and the East by tens of thousands, and from other Western States as well.

Mr. President, I would like to say to the Senators from the area east of the Rocky Mountains that this grazing lands fight is not just a Western issue. Your constituents by the thousands have as great, or even a greater, interest than anyone else in the maintenance of the forest lands in good condition.

Mr. President, I yield the floor.

Mr. JOHNSON of Colorado. Mr. President, Roscoe Fleming, a local columnist for the Denver Post, has written an unusually able article entitled "Deflating the Farmer."

He has recited facts and statistics which, if generally known and fully understood, would have settled, once and for all, most of the arguments to which the Senate has listened during the past 4 days of debate on the farm question.

Mr. Fleming points out that when and if the present price-support system is replaced, it should be replaced by some form of the Brannan plan. I agree completely with this conclusion.

I do not wish to take much of the time of Senators. They have heard so much debate on the question in recent days that they cannot be expected to absorb much more. But, I should like to make Mr. Fleming's article a part of the debate, and I, therefore, ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Denver Post of July 30, 1954]

DEFLATING THE FARMER

(By Roscoe Fleming)

Business Week, a magazine friendly to the administration, says: "Eisenhower hopes to cut the GOP in on Democratic city votes. The determination to get away from high, rigid, and expensive (farm price) supports is aimed at the city workman. The idea is that food will cost less if Washington lets farm prices ease down." There's only one thing wrong with this: It's such a complete phony that no one who knows anything about American farming could advance it sincerely. The figures show that it's sucker bait for city voters, whom the administration must consider stupid or ignorant. Farmers' income has gone down steadily for 2 years, but has the price of food? Ha.

In May 1951, farm prices and farm income were close to their highest point, and city consumers were paying $11.26 for the same food they'd have paid $10 for at the 1947–49 average.

In May 1954, the farmers were getting nearly 20 percent less income than in 1951, but the city consumer was paying $11.33 for his same basketful of food, or 7 cents more than in 1951.

The total cost of living in May 1954 was at 115 percent of the 1947–49 average, nudging the alltime high of 115.4.

Here are some more facts and figures along the same line:

The total take-home pay, or net income, of all American farmers dropped from $15,600,000,000 in 1951, to $12,800,000,000 in 1953, a drop of almost one-fifth. Mr. City Feller, has your take-home pay dropped 20 percent in 2 years?

"Parity" is the concept that the farmer should break even, as between prices of what he buys, and what he sells. This is the figure you hear all the talk about. As against a high of 123 in 1946 (which means that all farmers were then more than breaking even by about 23 cents on the dollar) parity had dropped to 94 percent a year ago and stands about 90 now. (Mr. City Feller, has your income gone down 5 percent in the past year, and one-third in 8 years?)

When you spend a dollar for food, a certain proportion of it goes back to the ultimate producer, the farmer, and the rest to the processors, wholesalers, middlemen, and retailers who bring the food from the farm to you.

During World War II the farmer got his all-time high share of the consumer's dollar—54 cents. In February 1951 this share had dropped to 49 cents. In the 2 years since, it has dropped further to 45 cents.

Yet it is the farmer, who has lost out all along the line, whom this administration accuses of profiteering, in terms so direct that its propagandists might as well use the word. And whom it proposes further to deflate.

Here are some facts nearer home:

In November 1951 the average prices of Colorado farmland were at their all-time high. Now they are about 83 percent of 1951 levels. For each dollar of 1951 worth of his basic asset, the land, the Colorado farmer now finds he has only 83 cents.

(Mr. City Businessman, has your capital worth declined 17 percent in less than 3 years? Mr. Corporation Executive, does your balance sheet show a 17 percent loss in assets in 3 years?)

Again, the value of all livestock on farms, nationwide, is now approximately two-thirds of what it was 2 years ago. Colorado livestockmen have been hit even harder—on January 1, 1954, the value of all livestock

in Colorado was almost exactly one-half of what it had been on January 1, 1952.

(Mr. Corner Groceryman or other small-businessman in Denver, is your stock of goods, your inventory, worth only half as much as it was 2 years ago, though just as big?)

And what of prospects? Well, a headline in the Post said that between now and November, all farm prices are expected to go lower. Specifically in the Rocky Mountain Empire, and due to the drought, farm-income prospects are worse than the national ones.

None of this is intended to defend the present price support system, which is awkward and relatively inefficient and will some day be supplanted by a better program, based on the principles of the so-called Brannan plan.

But without the present system, bad as it may be, the Nation's farmers would already have been plunged into an economic chasm like that of the late twenties and early thirties and you can lay to that.

Mr. ELLENDER. Mr. President, I ask the indulgence of the Senate for a few minutes. I realize that the subject now under discussion has been debated rather thoroughly during the past few days; there has not been much left unsaid, but I should like to direct the Senate's attention to some facts which I consider particularly pertinent.

I have been a Member of the Senate for the past 18 years. I have always been very close to our Nation's agriculture. I am very proud of the part I played, when I first came to the Senate and through the three terms I have represented my State here, in the passage of the present farm act. Soon after I was first sworn in together with other Senators, I visited every section of the country in an effort to obtain testimony and assemble the facts necessary to enable us to draft a suitable, workable farm law. It was upon the basis of facts which this group of Senators obtained that the present basic farm act finally was drafted.

About 10 years after this act was placed on the statute books, and had been in operation for that length of time, a group of Senators again toured the country, with a view of trying to determine whether or not the law which had been enacted in 1938 could be improved. I was among that group. I well remember that everywhere we went we asked farmers how they liked the law under which they were operating. We asked them to suggest improvements, if any were needed. The vast majority said the law was a good one, and they did not want it changed, unless something better could be devised. To date, Mr. President, nothing better than the present law has been proposed. That is why I favor improving the present program rather than abandoning it. Unfortunately, there are those who would toss the work of some 18 years out the window and embark upon a new, unknown, and, I believe, unworkable program.

Mr. President, I do not mind a fair fight on any issue; but when the man at the helm of our agricultural program, the Secretary of Agriculture in the present President's Cabinet, uses, more or less, foul means, as I would term it, in presenting the issues to the people, I must draw the line. I believe the manner in which the program has been attacked is deceitful. It is my firm belief that if the act under which we are now operating had been placed before the American people in its true light, the present debate would be unnecessary, for our people would understand that the present law is a good law—and that the only way it has been administered is faulty. Unfortunately, there seems to have been a concentrated effort to discredit the present program.

For example, within a week after the 1st session of the 83d Congress had convened, efforts were made, and have continued thereafter, to blacken this great program. The first criticism lodged against the program concerned its alleged great cost to the American taxpayers. Soon after Congress convened last year, Secretary of Agriculture Benson came before the Senate Committee on Agriculture and Forestry to give his views on any changes which might be necessary in the program. Thus began the barrage of criticisms which have been levied against the program. From then, up until and including the present debate, all the criticisms launched against the present law I consider to be anything but fair or constructive.

For example, within a few days after Mr. Benson first came before our committee, he presented a table which he said showed the enormous cost of the farm program to the American taxpayers.

When a few members of the committee read the table of costs, we were astounded. We could not understand why the Secretary of Agriculture should have taken the position which he at that time assumed. What the committee was then discussing, and what is being considered today, was the question of whether or not there should be a continuation of the 90 percent of parity price-support program, instead of replacing it with a so-called flexible price-support program.

I believe Secretary Benson submitted this table in an effort to give a black eye, as it were, to the present program. The press of the Nation obtained it, and used it immediately. Personally, I saw many statements, not only in the daily press, but also in farm magazines, to the effect that the present farm program cost the taxpayers billions of dollars—to be exact, $16,214,000,000, the figure cited by the Secretary of Agriculture before the Agriculture Committee, the total of all the items contained in the complicated table submitted to us by the Secretary.

What was included in the table? Was it only the support-price program, the topic under consideration by the committee when the table was presented? In part, yes. But also contained in it was almost every sum which had ever been spent by the Department on the American farm economy, including appropriations for soil conservation, rural Electrification, the Farmers' Home Administration, the Forest Service program, and many others.

To show how far from price-support costs some of these items were, the Forest Service program contained cost item of $14,450,000 for the purchase of marginal lands. All of this and much more was included in the table in order, I presume, to poison the minds of our people against the farm program by convincing them that it had cost great sums of money.

After I had looked at the table and had noted that it included such things as wartime consumer subsidies on agricultural commodities, amounting to a little more than $4 billion, I began to ask a few questions. I did—and still do—not consider sums of that nature to be chargeable to the price-support program. The consumer subsidies were of primary benefit to consumers, not farmers. As a matter of fact there is no telling what food and fiber prices might have been during World War II if the wartime subsidies to American consumers had not been provided. During the war, as everyone knows, price controls were imposed on practically every item; and because of scarcities of many articles at the time, the Government subsidized consumers. For the Department of Agriculture to have included such a charge as that as a price-support cost indicates to me an effort to discredit the program by unfair and misleading means. As I have said on several occasions, the Department of Agriculture took that course, in my humble judgment, for no other reason than to blacken the present program.

I do not intend to place this misleading document which was presented to our committee in the RECORD, because, as I recall, that has previously been done. I emphasize the fact, however, that all the charges which appear in the chart, other than those confined to losses and gains for price supports, are simply out of order. The table never should have been submitted in the manner it was, for it has done much to unjustifiably and unfairly create the idea that the price-support program for the basics has been tremendously costly.

If Senators will look at pages 23, 24, and 25 of the report of the committee on the pending bill, they will see an accurate statement of the entire cost of the price-support program from October 17, 1933, through May 31, 1954.

They will note that the cost of the entire program, including the losses sustained on basic and nonbasic commodities, has been $1,374,825,203. That was the cost of the entire price-support program for all farm commodities from its inception in 1933 to May 31 of this year.

I wish further to point out to the Senate that the full total appearing in that table includes not only the cost of supports for basic commodities, the commodities which are the subject of the present debate, but also includes the cost of price-support operations for nonbasic commodities. Of that sum of $1,374,825,203, almost a half billion is chargeable to the potato program.

Other large costs also appear in connection with nonbasics including the

wool program and other commodities of that nature.

Let me point out that the actual losses on price supports for the basics during this same period of time were less than $131 million. Although it is in the RECORD already, I should like to be specific, so that the American taxpayer may know specifically what the losses have been on the basic commodities—the products which are the subject of debate, and which enter into the amendment now under consideration.

On page 23 of the report will be found a table which shows the following price-support gains and losses.

On corn, the entire loss for the period of 20 years was $129,737,581.

On cotton, the taxpayers have made a profit of $267,310,582.

On peanuts, the loss was $113,697,404.

On rice, the loss was $1,051,837.

On tobacco, the gain was $1,884,565.

On wheat, the loss was $125,011,861.

On the basic commodities, which form the subject matter of the debate today, the loss on price-support operations over the 21-year period October 17, 1933, to May 31, 1954, has been $130,739,501.

Just imagine that, Mr. President. Over a period of 21 years the loss on basic commodity price support has been but a pittance as Government expenditures go. If it were not for the fact that we had bountiful supplies of basic food and fiber products in our granaries during World War II and later during the Korean war, there is no telling what the consumers of our Nation would have had to pay for these items.

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). Will the Senator yield to the Chair, so that, in his individual capacity as a Senator, he may ask a question?

Mr. ELLENDER. I yield.

The PRESIDING OFFICER. Does not that cost amount to about 5 cents a person a year over the 20-year period?

Mr. ELLENDER. I do not have the cost figured in that way, but I am sure it would not amount to more than that.

The PRESIDING OFFICER. The cost would be between 4 and 5 cents a person a year. I ask the Senator from Louisiana if that is not an extremely small sum for each person to pay over a period of 20 years in order to have a sound agricultural economy?

Mr. ELLENDER. As I indicated, it is a mere pittance compared to what consumers would have had to pay if we had not had supplies of these commodities on hand. I cannot understand why the whole farm program should be criticized, as it has been, when, in my humble judgment, it has worked so well.

The charge has been made that these sums are enormous and that the cost has been great. Some say that the farmers have been subsidized. The price-support program for the basic commodities does not work that way. There has not been a dime in direct payments made to producers of the basics under the program. The way the basic commodity program operates is this: Either the commodity is bought outright or money is loaned, with the commodity as collateral. There have never been any direct payments made to the farmers for basic commodities. The law was never intended to operate in that way, and it has never operated in that way.

Mr. President, I am not going to dwell on the next point too long. My good friend the Senator from North Dakota [Mr. YOUNG] has already talked about it. I refer to the enormous sums that have been paid by our Government in order to help industry, business, and to those who engage in similar nonagricultural pursuits.

Mr. President, I have before me reliable figures which show that the cost of the present farm program for basic commodities has been but a pittance when compared to the expenditures made to assist business. And there seems to be more help for business on the way. I do not begrudge these expenditures. I cite them only to refute the charge that the American farmer is the only recipient of Federal aid. Only a few days ago Secretary of Commerce Weeks announced a proposal for an expanded shipbuilding program, a $350 million program to be embarked upon in order to kind of nudge our economy. Three hundred and fifty million dollars is quite a sum and the Federal portion of that program will represent much, much money. I have no doubt but that our Government will contribute to that program an amount which will be greatly in excess of the small amounts allocated to price-support programs for our basic commodities.

It will also be recalled that President Eisenhower in the past few weeks has advocated an expanded highway building program to cost $50 billion. I am in hearty accord with the idea of modernizing our highway system, but let me point out that the loss sustained on price supports for farm commodities will be but a pittance compared to the Federal cost of some of the great projects envisioned in the programs I have just mentioned.

Now, let us turn to another benefit business has received—rapid tax amortizations. Mr. President, I have in my hand an exhibit, which shows that from 1942 to 1948 actual benefits to business, made available by way of certificates of necessity for rapid tax amortizations, amounted to $7.3 billion. From 1950 to 1954, tax amortization benefits totaled $17,500,000,000. From 1942 through March of this year, the amount of tax amortization awarded to American business has totaled $24,800,000,000. Yet we never hear much criticism of that, Mr. President. That huge sum of money—almost 23 times as much as our Government has spent on price-support operations for all commodities during the past 20 years, has never been very much criticized, so far as I have heard—at least, not to the extent we hear the farm program criticized today.

Mr. CRIPPA. Mr. President, will the Senator from Louisiana yield for a question?

The PRESIDING OFFICER (Mr. ERVIN in the chair). Does the Senator from Louisiana yield to the Senator from Wyoming?

Mr. ELLENDER. I yield.

Mr. CRIPPA. A few moments ago the Senator from Louisiana used the words "foul tactics," in referring to the Secretary of Agriculture. I have known the Secretary of Agriculture a great many years. I do not think he would understand anything that is foul. I do not think the Senator from Louisiana meant to use the word in that sense, and I doubt whether the Secretary of Agriculture ever uses a foul word. So I do not think the Senator from Louisiana meant to use the word in that sense.

Mr. ELLENDER. It may be that the Secretary of Agriculture did not use the table in the sense the Senator from Wyoming seems to have interpreted my remark. Deception was used, in my humble judgment, in trying to show, if it could be done, and it was done by the Department of Agriculture——

Mr. CRIPPA. I know that; but the Senator from Louisiana referred to the Secretary of Agriculture.

Mr. ELLENDER. It was by his agency, for which he is responsible, that the thing was done. He personally brought the table I referred to before the committee when he appeared there to testify.

As I have said on several occasions, the document to which I refer——

Mr. CRIPPA. I merely wish to be on record as objecting to the Senator's use of the word "foul" in that connection.

Mr. CLEMENTS. Mr. President, will the Senator from Louisiana yield for a question?

Mr. ELLENDER. I yield.

Mr. CLEMENTS. Is it not a fact that the table to which the Senator from Louisiana has referred was presented in person by the Secretary of Agriculture?

Mr. ELLENDER. Yes; as I have said, it was presented to the committee by him, when he came to testify. It was then said by many of the persons who were present—in fact, I saw it in the press the next day—that the document I have before me, the document which was presented by the Secretary of Agriculture, showed the enormous cost of this program, whereas as a matter of fact——

Mr. CRIPPA. Let me say——

Mr. ELLENDER. The Senator from Wyoming may have seen it himself. Let me ask him a question at this time.

Mr. CRIPPA. I still say the Secretary of Agriculture would not use foul language or foul words at any time.

Mr. ELLENDER. I did not say he used foul language, nor did I say he used foul words. I may say to the Senator that I am sure I confined my remarks to the means used by the Secretary, but I shall have the transcript checked on that point.

Mr. CRIPPA. But the Senator from Louisiana said he did.

Mr. ELLENDER. I said he used foul means.

Mr. CRIPPA. I thought the Senator from Louisiana said the Secretary of Agriculture used foul words.

Mr. ELLENDER. No. The Senator misunderstood me. I have been saying

that in trying to show the losses which may have been sustained—and I am sorry to see that the Senator from Wyoming is now leaving the Chamber——

Mr. CRIPPA. No; I shall be very happy to remain.

Mr. ELLENDER. I have been saying that in trying to discredit the program by showing the losses which he alleges have been sustained, the Secretary of Agriculture submitted the table to which I have referred. The subject matter before the committee at that time was the same subject matter now under debate before the Senate, namely, the farm price-support program of our Government as applied to basic commodities. That is what we were talking about when the Secretary of Agriculture appeared before our committee, and that is what is under discussion in the Senate at this time. So why did the Secretary of Agriculture then present his chart which included costs sustained in connection with all other parts of the agricultural program—not only the support program, but, in addition, the cost of our soil-conservation program, the rural-electrification program, and similar undertakings? It seems to me that almost anyone would say that it was done in an attempt to muddy the waters.

Mr. CRIPPA. But it still would not be "foul."

Mr. ELLENDER. The Senator from Wyoming may have his view about the matter, but I maintain mine.

Mr. CLEMENTS. Mr. President, will the Senator from Louisiana yield to me for a question?

Mr. ELLENDER. I yield.

Mr. CLEMENTS. Is it not a fact that the contents of the paper submitted at that time by the Secretary of Agriculture were carried all over the country in newspaper articles, and there was a drive to defeat the support program?

Mr. ELLENDER. There is no question about that. The Farm Bureau Federation issues a monthly paper; and those figures were published in that paper, in an effort to discredit the present program.

Mr. CLEMENTS. Mr. President, will the Senator from Louisiana yield for another question?

Mr. ELLENDER. I yield.

Mr. CLEMENTS. Is it not a fact that the release went from the Department of Agriculture to the rural press of the Nation?

Mr. ELLENDER. Certainly; and the release was based on figures taken from the document to which I have been referring.

I was so incensed at the time it was done, that I asked the Secretary of Agriculture to be more specific, and to present to the committee facts and figures as to the losses, if any, on the basic commodities, because that is what we were talking about. The next day he presented figures which were more specific. They showed that the losses at the time were about $1,100,000,000 on all commodities and only some $21 million on the basics.

I repeat that I am not attributing any foul language to Mr. Benson; but why should he have brought to the committee a table of that sort, to show the high cost of the entire agricultural program, when the only thing involved was the program as regards the basic commodities if there was no intent to discredit the program, to my mind, those were foul means, as I have indicated.

Mr. CLEMENTS. Mr. President, will the Senator from Louisiana yield to me at this time, to permit me to make a very short observation?

Mr. ELLENDER. I yield.

Mr. CLEMENTS. If the distinguished Senator from Louisiana needs any verification of his statement, I can testify to the fact that the news release from the Department of Agriculture, setting forth the $16 billion item, was carried in all the rural press of my State.

Mr. LENNON. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. LENNON. I assume that the Senator from Louisiana is saying, then, that deception was practiced on the people of the United States, through the issuance of the press release, and that it was similar to the deception practiced by the Republican Party in its campaign pledges in 1952, in saying that 90 percent of parity would be had under the Republican administration.

Mr. ELLENDER. I suppose we could draw that comparison very adequately.

I wish to say to my good friend, the Senator from Wyoming [Mr. CRIPPA], who interrupted me a while ago, that the language I used was not "foul words." I read from the transcript of my remarks as supplied by the Official Reporter of Senate Debate. The transcript reads as follows:

> I do not mind a fair fight on any issue; but when the man at the helm of our agricultural program, the Secretary of Agriculture in the President's Cabinet, takes more or less foul means, as I would call it, in presenting the issues to the people, I must draw the line.

In connection with that statement, I presented this table. This matter was brought to the attention of the Secretary of Agriculture on the day when he appeared before our committee, as well as on the next day, when he presented a statement in line with what I suggested should be presented.

Mr. LENNON. Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield.

Mr. LENNON. I know the Senator from Louisiana is familiar with the statements which were made during the Presidential campaign of 1952 by the then Republican Presidential nominee, Mr. Eisenhower, particularly in the Midwest, where he assured the farmers of America that he, as the Republican nominee, and the Republican Party were pledged to 90 percent of parity for the basic commodities; and, in addition thereto, he himself expressed the hope that they could enjoy 100 percent of parity. The distinguished Senator from Louisiana is familiar with those statements made by the now President of the United States, is he not?

Mr. ELLENDER. Yes; I have heard them. They have been presented on the floor quite a number of times. I read excerpts from newspapers which were made available to all of us.

Mr. LENNON. The Senator from Louisiana knows, does he not, that those statements, which have been attributed to the present President of the United States, have never been denied or repudiated?

Mr. ELLENDER. That is my understanding.

Mr. LENNON. Mr. President, will the Senator from Louisiana yield again to me?

Mr. ELLENDER. I yield.

Mr. LENNON. Then the Senator from Louisiana is not surprised, is he, by that press release from the Department of Agriculture, in which the Secretary of Agriculture attempts to tell the people of America that the great farm program has cost a tremendous sum of money, when, in truth and in fact, the cost of the price-support program in itself has been reasonable and comparatively low?

Mr. ELLENDER. That is correct.

Mr. LENNON. The Senator from Louisiana knows, does he not, that the figures on the cost to the taxpayers of the United States, which were issued by the Department of Agriculture, included the cost of every phase of our great farm program, including rural electrification, soil conservation, and all the many other varied programs?

Mr. ELLENDER. Yes, and including the wartime subsidies.

Mr. LENNON. Yes; all those things.

Mr. ELLENDER. Absolutely.

Mr. LENNON. I thank the Senator from Louisiana.

Mr. ELLENDER. I may say that was what I objected to then and what I object to now—that is, an effort to smear this program instead of giving the American people the true facts. Instead of doing that there is an effort underway to blacken it by showing so-called erroneous enormous costs. For example, my good friend from New Hampshire [Mr. BRIDGES] yesterday or the day before stated that this farm program was going to cost the American taxpayers $10 billion. I wonder where he gets his facts. It is true that we have about six or seven billion dollars of commodities on hand, or funds obligated, but those products are not losses. They are not going to be thrown away. They are certainly worth something. Everything would have to be destroyed or would have to spoil in order for there to be losses such as those indicated by my good friend from New Hampshire.

What I take issue with Mr. Benson on is the manner and the method used in trying to show these enormous losses, as he described them, to the taxpayers. As a matter of fact, there were no losses except those I have just pointed out, and they were small indeed as compared with results and the beneficial effects the program has had.

Mr. LENNON. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield.

Mr. LENNON. Will the Senator from Louisiana agree with the Senator from North Carolina that it is a part of a well-conceived plan on the part of the

Secretary of Agriculture or those in his Department to divide the Nation by turning the urban population against the rural population of our great country?

Mr. ELLENDER. That charge has been made, and it strikes me that, assuming that the charge is true, the effort has been effective, because some progress has been made by the opponents of the existing program with the city people, and with even those who live in the suburbs, in trying to get their Representatives and their Senators to vote against the program.

I wish to point out here that when Mr. Benson appeared before us in the hearings which took place on January 19 of this year, he said this, in connection with the table of alleged costs I have already discussed:

> At what point will the 140 million Americans who do not live on farms rise up—as they did in the potato fiasco of a few years ago—and demand not revision but outright elimination of all direct aid to agriculture?

That was the Secretary of Agriculture speaking to the Agriculture Committee; the subject matter before us was price supports, the same subject as we are now discussing, particularly on the basics.

Mr. LENNON. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. Yes.

Mr. LENNON. Was the Senator on the floor yesterday afternoon when the distinguished junior Senator from Minnesota [Mr. HUMPHREY] read a statement or excerpts from a speech given by a member of the Department of Agriculture, a Mr. McConnell, I believe it was, in which he charged the whole price-support program with being socialistic. Was the Senator present when that statement was made?

Mr. ELLENDER. I would not be surprised that such a charge was made by those opposing this program.

Mr. LENNON. Does the Senator agree with me that that is a very strong statement and an unfair statement for a man charged with the responsibility of administering a program which represents the avowed policy of the Congress of the United States? As a member of the administration, he opposes a program which embodies the policy of the Congress, and which has been its policy for some time, to provide the farmers of America with fair prices through rigid price supports?

Mr. ELLENDER. That follows the pattern we have been discussing here and discussed a while ago. I suggested that rank misrepresentation was deliberately undertaken as to costs of this program. Now, for a member of the Secretary's official family to make a statement such as that indicated by the Senator from North Carolina, is not very surprising at all to me, because it follows the pattern I have been talking about.

Mr. LENNON. Mr. President, will the Senator yield again?

Mr. ELLENDER. I yield.

Mr. LENNON. Does the Senator believe, based on his wide experience as the ranking Democratic member of the important Committee on Agriculture and Forestry, that if we return to flexible price supports of from 75 to 90 percent, the savings, if any, will be passed on to the consumer, the person who purchases at retail prices?

Mr. ELLENDER. My good friend from North Carolina is anticipating me. I am going to show, in the course of my short talk, that the consumer will not benefit one iota by further depressing the prices of the basic commodities.

Mr. LENNON. Mr. President, if the Senator from Louisiana will yield again at this point, was the Senator on the floor—I believe it was the day before yesterday—when the distinguished senior Senator from Minnesota [Mr. THYE] gave a practical illustration of the fallacy of that argument by stating of his own knowledge that although last summer the price to the producer of milk went down as much as $1 a hundredweight, the retail prices to the housewives of the St. Paul area in Minnesota actually increased 1 cent per quart?

Mr. ELLENDER. I heard him say that, yes. As a matter of fact, I could testify myself as to that, because I happen to keep my own house, and I buy food myself, you know. I can testify to the fact that although the prices of the things the farmer produces have been going down, down, and down, the cost of what I buy in the grocery store has been either remaining stable or, more frequently, going up. There has been very little decrease, if any, in the price of any of those commodities except perhaps when a storekeeper desires to make a "leader" of one as a means of attracting customers. I think the facts show that in the past few months, the cost of living has been steadily on the increase. I do not remember the exact figures; but the cost of what the farmer buys has been going up, while the prices he receives have been falling. All that does not make sense, as the Senator realizes, I am sure. I do not believe the farmers of this country could have much cause for complaint if the consumer got the benefit of the lower prices they receive for their commodities—particularly if farmers were able to buy what they need at lower costs.

But when a farmer finds out that the consumer does not benefit by his reduced prices, but that the middlemen do, and then he finds that the price of what he needs in order to produce his crops keeps on going up, he cannot understand the Benson philosophy, and I do not blame him.

Mr. LENNON. Mr. President, will the Senator yield at that point?

Mr. ELLENDER. I yield.

Mr. LENNON. Does the Senator know of a single instance in the history of the present administration where the Secretary of Agriculture has used or attempted to use the great power and influence of his office to cause any investigation to be made to determine the great differential between what it costs to produce a commodity, food, or fiber, and what it costs the ultimate consumer to purchase the food or fiber?

Mr. ELLENDER. I do not know of any such study. The Senate Agriculture Committee conducted such studies while I was chairman of the committee. I do not know of any recent study that has been completed. Of course, the Department of Labor has charge of determining whether the cost of living is rising or falling as measured by the consumer price index and makes these facts available to our people.

Mr. LENNON. Mr. President, will the Senator yield again?

Mr. ELLENDER. I yield.

Mr. LENNON. Does the Senator from Louisiana agree with the Senator from North Carolina that one of the duties of the Department of Agriculture on a national level is to attempt to find out why there is such a wide differential or spread between what is returned to the producer of the foodstuffs and fiber and what it ultimately costs the purchaser?

Mr. ELLENDER. I do not know that to be a duty incumbent upon him. Frankly, as a matter of fact, I do not think it is. Insofar as determining what profits are to come to a farmer on a particular commodity is concerned, I do not know that is within the province of the Department of Agriculture.

Mr. LENNON. Mr. President, will the Senator yield again?

Mr. ELLENDER. I yield.

Mr. LENNON. Will the Senator agree with me that someone ought to take the responsibility of determining why the profits, or most of them, go to the processor and the distributor and not to the producer?

Mr. ELLENDER. I shall cover that subject in a moment. There is no doubt about what the Senator says, however. That is the point I shall take up after I have finished with the point I am discussing now, to determine who gets what. I understand that some investigation is now being conducted by the staff of the committee, but I have not seen any of the results.

There is no doubt but that the percentage the farmer gets of each dollar spent by the consumer for food and fiber has been decreasing from month to month.

Mr. LENNON. Mr. President, will the Senator yield once again?

Mr. ELLENDER. I yield for a question.

Mr. LENNON. This is hardly a question, but I should like to say to the distinguished senior Senator from Louisiana, the ranking Democratic member on this great committee, that North Carolina is one of the principal agricultural States of this Union. I personally wish to express to the Senator, for the people of my great State, their thanks for the leadership he is providing as the ranking Democratic member of the Committee on Agriculture and Forestry and the hope that he will continue to lead the way for a more stable farm economy in North Carolina and throughout the Nation.

Mr. ELLENDER. I wish to thank the Senator very much. He is very gracious and I appreciate his comments.

Mr. President, as I indicated a moment ago, just for one program—rapid tax amortization—from 1942 up to 1954 the cost to the Government has been $24.8 billion. Just think of that huge amount, in contrast to the pittance it has cost to maintain a stable agriculture and to maintain prices within reason for the consumer for the past twenty-odd years.

At this point, Mr. President, I ask to insert in the RECORD this document marked "Exhibit III."

There being no objection, the exhibit was ordered to be printed in the RECORD, as follows:

EXHIBIT III

Total tax-amortization certificates[1] granted under the Revenue Act of 1950 or comparable authority[2]

Fiscal years	Applications certified	Value applied for	Actual benefits
		Billions	*Billions*
1942–48	41,400	----------	$7.3
1950	124	$1.5	.9
1951	5,576	11.1	6.6
1952	9,390	11.7	7.0
1953	3,545	4.8	2.8
1954 (as of Mar. 10)	257	.4	.2
Total 1950 to Mar. 10, 1954	----------	[3] 29.5	[3] 17.5
Total to date	----------	----------	24.8

[1] From the period covering World War II, tax-amortization certification was handled by the Departments of War and Navy and by the War Production Board. A detailed breakdown is unavailable for these years. However, it is estimated that from 1942 through 1948 the emergency period, a total of some 41,400 applications for tax amortization were certified, with a total value of $7.3 billion. Of this amount, the applications were nearly all certified at 100 percent, as compared to an average of some 60 percent today. Note that on the figures given for fiscal years 1950 through the present, the applied value and the actual benefits are not equal with the latter, accounting for about 60 percent of the amount applied for, equaling the actual writeoff available.

[2] World War II (26 U. S. C. A. 124; 54 Stat. 998 (III)); Korean war, Revenue Act of 1950 (64 Stat. 939 (216); 26 U. S. C. A. Supp V. 124-a).

[3] Figures rounded.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield for a question.

Mr. LONG. Is it not true that the surpluses of these commodities have, in times of short crops, assured the consumer that he would be in a position to get his food and fiber at a reasonable price? Without these surpluses, the cost of those commodities might have gone sky high in the event of a short crop.

Mr. ELLENDER. There is no telling, Senator, what the consumer would have had to pay for food during World War II, except for the fact that we had these surplus supplies of food on hand. As the Senator well remembers, we adopted price controls in order to keep inflation at a minimum, and to assist the consumer. Subsidies were also paid by the Government to help the consumer. The consumer subsidy program cost over $4 billion. Despite the fact that it had nothing to do with price supports, that sum of over $4 billion was charged against the farm program.

Mr. LONG. Secretary Benson made that charge against the farm program. No one else made such a charge that against the farm program prior to that time, did they?

Mr. ELLENDER. No. But the point I tried to make a while ago is that the Department's present leadership charged all of that cost and then some against our farm price-support program in order to make a case against it—in an effort to make our people think that the program has been enormously expensive to the American taxpayer.

Mr. LONG. When the Democrats were in control of the Senate, my senior colleague was the chairman of the Committee on Agriculture and Forestry. I wonder if he could give me the actual cost of the farm program over the last 20 years?

Mr. ELLENDER. On the basic commodities?

Mr. LONG. On the basic commodities and for the overall program, or either way.

Mr. ELLENDER. A little over $1.3 billion for all commodities.

Mr. LONG. That is not for the basic commodities alone?

Mr. ELLENDER. That is for the basics and nonbasics. That is the support program for the things we are talking about now. The price-support program for the basics cost less than $132 million during the same period through May 31, 1954.

Mr. LONG. So the entire price-support program we are discussing cost only about $1 billion over the period of the last twenty-odd years?

Mr. ELLENDER. Since October of 1933.

Mr. LONG. I am sure my colleague was in favor of the lend-lease program and various things we did to help our allies during the war. If we look at what we have given foreign countries, we find that during that same period of time we have given away more than $100 billion in money and commodities to various nations of this world. Since World War II we have given away more than $45 billion to foreign nations, including about $1 billion which has gone to nations behind the Iron Curtain.

I am sure my distinguished colleague recalls the vote just a few days ago, when I was trying to cut $1 billion from the $13 billion available for foreign aid. Some Senators were most disturbed at the prospect of cutting the foreign aid program about 7 percent. Yet some of the same Senators now view with great alarm the fact that we have done about 1 percent as much for the American farmer as we have done for foreign nations.

Mr. ELLENDER. I agree with the Senator. Of course, I do not wish to go into a discussion of the foreign aid program at this time, but the loss sustained by our Government on price-support operations for all the basics and nonbasics is but a drop in the bucket compared to what we have given away since World War II. It is just a pittance.

Mr. LONG. To use the French phrase, it is a "mere bagatelle."

Mr. ELLENDER. Yes.

Mr. President, the next nonagricultural subsidy which I desire to call to the attention of the Senate is the airmail subsidy. I have before me, Mr. President, a table indicating that between $71 million and $79 million a year is paid in the form of subsidies to the American and foreign airlines. These are direct payments. They cannot be compared with the farm price-support program for the basics, because the farmer does not get a dime in direct subsidies from the Government. What the farmer does is to either borrow money on his commodity, or have the Government purchase it from him. In other words, the Government receives value for its cash, as it were.

Now, let us compare that with airmail subsidies. In this instance our Government makes direct payments—payments which approximated $230,273,000 for the last 3 years, 1952, 1953, and 1954. That amount is almost 2½ times the amount our Government has lost on price supports for the basic commodities over a period of 21 years.

At this point I ask that this exhibit be printed in the RECORD.

There being no objection, the exhibit was ordered to be printed in the RECORD as follows:

IV. *United States air carriers—Separation of estimated service mail pay and subsidy, fiscal years 1952, 1953, and 1954*

[In thousands of dollars]

Carrier group and name of carrier	Service mail pay			Subsidy			Total mail pay		
	1952	1953	1954	1952	1953	1954	1952	1953	1954
Carrier group I:									
American	7,546	7,799	8,268	----------	----------	----------	7,546	7,799	8,268
Eastern	2,556	2,583	2,670	----------	----------	----------	2,556	2,583	2,670
Northwest (see group II)	----------	----------	1,530	----------	----------	----------	----------	----------	1,530
TWA	5,309	4,950	5,105	----------	----------	----------	5,309	4,950	5,105
United	9,329	9,450	10,012	----------	----------	----------	9,329	9,450	10,012
Total, group I	24,740	24,782	27,585	----------	----------	----------	24,740	24,782	27,585
Carrier group II:									
Braniff (Mid-Continent)	807	1,048	1,100	83	698	500	[2] 890	[2] 1,746	[2] 1,600
Capital	1,059	1,015	1,083	[1] −308	----------	----------	751	1,015	1,083
Chicago & Southern	392	456	1,598	767	517	----------	1,159	973	1,598
Delta	997	1,034		39	----------	----------	1,036	1,034	
National	703	725	771	----------	----------	----------	[2] 703	725	771
Northwest	1,360	1,749	----------	1,440	----------	----------	[2] 2,800	1,749	----------
Western	732	720	753	42	----------	----------	[2] 774	720	753
Total, group II	6,050	6,747	5,305	2,063	1,215	500	8,113	7,962	5,805

See footnotes at end of table.

IV. *United States air carriers—Separation of estimated service mail pay and subsidy, fiscal years 1952, 1953, and 1954*—Continued

[In thousands of dollars]

Carrier group and name of carrier	Service mail pay			Subsidy			Total mail pay		
	1952	1953	1954	1952	1953	1954	1952	1953	1954
Carrier group III:									
Colonial	93	106	115	857	846	837	950	952	952
Continental	391	375	375	826	741	741	1,217	1,116	1,116
Mid-Continent (see Braniff)	349			1,451			1,800		
Northeast	120	108	120	1,318	1,642	1,630	[2] 1,438	[2] 1,750	[2] 1,750
Piedmont		71	83		1,579	1,467		1,650	1,550
Pioneer	89	101	114	1,811	999	986	[2] 1,900	[2] 1,100	[2] 1,100
Total, group III	1,042	761	807	6,263	5,807	5,661	7,305	6,568	6,468
Carrier group IV:									
Piedmont (see group III)	67			820			887		
Mohawk (Robinson)	28	33	37	727	874	870	755	907	907
Southwest	66	81	90	872	919	910	938	[2] 1,000	[2] 1,000
Total, group IV	161	114	127	2,419	1,793	1,780	2,580	1,907	1,907
Carrier group V:									
Allegheny	95	93	96	1,705	1,837	1,814	[2] 1,800	1,930	1,910
Bonanza	10	37	41	640	690	686	[2] 650	727	727
Empire	40			557			597		
Frontier	181	163	175	2,618	2,852	2,825	2,790	3,015	3,000
Lake Central	22	27	33	721	1,223	1,717	[2] 743	[2] 1,250	[2] 1,750
North Central (Wisconsin)	114	155	186	1,186	2,295	2,514	[2] 1,300	[2] 2,450	[2] 2,700
Ozark	50	73	98	2,030	2,034	1,877	[2] 2,080	[2] 2,107	[2] 1,975
Southern	126	127	142	1,504	1,823	1,808	[2] 1,630	[2] 1,950	[2] 1,950
Trans-Texas	86	102	117	1,579	1,548	1,533	1,665	1,650	1,650
West Coast (Empire)	15	52	53	612	1,698	1,847	627	[2] 1,750	[2] 1,900
Total, group V	739	829	941	13,152	16,000	16,621	13,891	16,829	17,562
Carrier group VI Central	70	95	116	1,480	1,605	1,334	[2] 1,550	[2] 1,700	[2] 1,450
Carrier group VII:									
Mid-West	73			342			[2] 415		
Wiggins	7	7	7	294	283	283	301	290	290
Total, group VII	80	7	7	636	283	283	716	290	290
Helicopter:									
Helicopter air service	502	516	516				502	516	516
Los Angeles	360	660	900				[2] 360	[2] 660	[2] 900
New York		700	1,250					[2] 700	[2] 1,250
Total, helicopters	862	1,876	2,666				862	1,876	2,666
Total, domestic	33,744	35,211	37,554	26,013	26,703	26,179	59,757	61,914	63,733
CARRIER GROUPING									
A. Trans-Atlantic operations:									
PAA-Atlantic	4,909	5,100	5,205	9,091	9,400	9,295	[2] 14,000	[2] 14,500	[2] 14,500
TWA-International	3,676	3,570	3,647	4,324	3,930	5,853	[2] 7,000	[2] 7,500	[2] 9,500
Total	8,585	8,670	8,852	13,415	13,330	15,148	22,000	22,000	24,000
B. Latin American operations:									
Group B-1: PAA-LAD	1,901	1,888	1,919	[illegible],099	12,112	11,081	[2] 10,000	[2] 14,000	[2] 13,000
Group B-2:									
Braniff	327	440	484	2,17[illegible]	[illegible],060	[illegible],016	[2] 2,500	[2] 3,500	[2] 3,500
Chicago & Southern	42	56	57	1,811	784	743	1,853	840	800
Panagra	400	353	356	1,968	2,149	2,146	[2] 2,368	2,502	2,502
Total, group B-2	769	849	897	5,952	5,993	5,905	6,721	6,842	6,802
Group B-3: Caribbean-Atlantic	17	17	18	152	146	145	169	163	163
Total, group B	2,687	2,754	2,834	14,203	18,251	17,131	16,890	21,005	19,965
C. Trans-Pacific operations:									
Northwest	1,146	938	955	3,402	4,162	4,145	[2] 4,548	5,100	5,100
PAA-Pacific	2,727	3,082	3,161	8,224	8,418	8,339	10,951	11,500	11,500
Total, group C	3,873	4,020	4,116	11,626	12,580	12,484	15,499	16,600	16,600
D. Hawaiian operations:									
Hawaiian	23	24	25	503	514	513	526	538	538
Trans-Pacific	16	16	17	213	284	383	229	[2] 300	[2] 400
Total, group D	39	40	42	716	798	896	755	838	938
E. States-Alaska operations:									
Alaska Airlines	23	87	52	777	1,063	1,244	[2] 800	[2] 1,150	[2] 1,296
Pacific Northern	71	160	188	529	829	801	600	989	989
PAA-Alaska	251	155	235	898	1,414	1,334	1,149	1,569	1,569
Total, group E	345	402	475	2,204	3,306	3,379	2,549	3,708	3,854
F. Intra-Alaska operations:									
Group F-1:									
Alaska Airlines	386	365	365	714	959	959	[2] 1,100	[2] 1,324	[2] 1,324
Northern Consolidated	224	288	288	476	1,058	1,058	[2] 700	[2] 1,346	[2] 1,346
Pacific Northern	232	284	284	418	429	429	650	713	713
Wien	263	250	284	487	900	916	750	[2] 1,150	[2] 1,200
Total, group F-1	1,105	1,187	1,221	2,095	3,346	3,362	3,200	4,533	4,583

See footnotes at end of table.

IV. *United States air carriers. Separation of estimated service mail pay and subsidy, fiscal years 1952, 1953, and 1954*—Continued

[In thousands of dollars]

Carrier group and name of carrier	Service mail pay			Subsidy			Total mail pay		
	1952	1953	1954	1952	1953	1954	1952	1953	1954
F. Intra-Alaska operations—Continued									
Group F-2:									
Alaska Coastal	108	137	137	292	305	305	400	442	442
Byers	18	21	21	27	46	46	[2] 45	[2] 67	[2] 67
Cordova	28	33	33	339	334	334	367	367	367
Ellis	50	47	47	225	252	252	275	299	299
Reeve	200	275	275	150	28	28	[2] 350	[2] 303	[2] 303
Total, group F-2	404	513	513	1,033	965	965	1,437	1,478	1,478
Total, group F	1,509	1,700	1,734	3,128	4,311	4,327	4,637	6,011	6,061
G. International "stub end" operation of domestic carriers:									
Group G-1:									
American (to Mexico)	78	83	86				78	83	86
Eastern (to Puerto Rico)	219	216	217				219	216	217
United (to Hawaii)	410	360	364				[2] 410	[2] 360	364
Total, group G-1	707	659	667				707	659	667
Group G-2: National (to Cuba)	10	8	8				[2] 10	8	8
Group G-3: Colonial (to Bermuda)	14	13	13	51	47	47	[2] 65	60	60
Total, group G	731	680	688	51	47	47	782	727	735
Total international, overseas, and Territorial	17,769	18,266	18,741	45,343	52,623	53,412	63,112	70,889	72,153
Total, industry	51,513	53,477	56,295	71,356	79,326	79,591	122,869	132,803	135,886

[1] Reflects adjustment by Post Office Department in computing mail pay in accordance with the formula contained in Capital's mail-rate order.

[2] The estimated total mail pay is not based on an outstanding final rate order in the case of the asterisked years for the respective carriers. In such instances the figures represent an estimate of the probable level of final mail pay ultimately to be established on the basis of available evidence at the time of preparation of the estimates.

Source: Fiscal year 1952 as shown in October 1952 subsidy separation report; fiscal years 1953 and 1954 as revised and furnished to the Post Office Department on Mar. 6, 1953.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG. The figures my colleague has produced, as to the airline subsidies, would indicate that the subsidies for the airlines alone during the past 20 years have been more than the entire cost of the farm program for all commodities.

Mr. ELLENDER. It can be easily figured. The losses on basics, as I pointed out, are only $132 million during the last 20 years. That is what we are talking about now. The losses to the Government on the airmail subsidies were over twice that much in just 3 years.

Mr. President, it is ridiculous.

Mr. LONG. If my colleague will further yield, there is also the fact that the airlines regard their 45-cents-per-ton mail rate as being a nonsubsidized rate—yet if they have to bid on business against someone who is in position to compete with them for it, they bid 23 cents, and sometimes as low as 18 cents per ton-mile for carrying mail.

Mr. ELLENDER. I did not want to go into the details of that program, for it is another subject. I do want to set the record straight, to show the country that direct nonagricultural subsidies—for which the people get service, but nothing more—and which are direct payments by the Government out of the Treasury to the companies that handle airmail, exceed by a great measure the aid we accord our agriculture through the price-support program.

Mr. President, I have before me an excerpt from hearings on bills providing the appropriations for the Departments of State, Justice, and Commerce, held before the Senate Appropriations Committee this year, which show that nearly $277 million in airmail subsidies have been paid out between the fiscal years 1939 and 1953. This is over twice the 21-year cost of the entire price-support program for the 6 basic commodities. Yet there are those audacious enough to charge that the American farmer is on the dole, that he is receiving special and preferred treatment which is costing our taxpayers much money in return but for few benefits.

Mr. President, I should like to place in the RECORD at this point a chart showing airmail subsidies paid during the years 1939 through 1953.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

EXHIBIT V

Summary of airmail revenues and Post Office Department costs including mail-pay subsidies, fiscal years 1939 through 1953, inclusive, domestic and foreign airmail

Fiscal year	Airmail postage revenue	Total cost to Post Office [1]	Excess expense over revenue
1939	$20,251,871	$34,876,264	$14,624,393
1940	25,037,312	40,198,633	15,161,321
1941	33,230,258	46,061,664	12,831,406
1942	45,433,231	51,961,864	6,528,633
1943 [2]	88,061,120	65,843,421	−22,217,699
1944	130,689,009	79,724,978	−50,964,031
1945	191,912,455	108,478,113	−83,434,342
1946	126,509,161	104,712,262	−21,796,899
1947	76,129,360	102,434,698	26,305,338
1948	77,402,469	136,169,278	58,766,809
1949	91,080,978	168,763,123	77,682,145
1950	101,454,162	179,930,344	78,476,182
1951	126,731,771	184,475,957	57,744,186
1952	152,634,211	201,956,842	49,322,631
1953	157,144,864	214,711,863	57,566,999
Total, 15 years	1,443,702,232	1,720,299,304	276,597,072

[1] As allocated in Post Office cost ascertainment reports with airmail service transportation costs adjusted to reflect retroactive revisions in air carrier mail rates.

[2] Published cost ascertainment report not available for 1943. Data for that year is estimated at the average of 1942 and 1944.

Source: Post Office Department cost ascertainment report and Civil Aeronautics Board records of adjusted air carrier mail pay.

Mr. ELLENDER. Mr. President, I have before me another exhibit which I should like to place in the RECORD at this point. This is the transcript of a colloquy which took place between Senator McCARTHY, Mr. Summerfield, and other Senators during hearings held before the Treasury and Post Office Subcommittee of the Appropriations Committee this year.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

EXHIBIT VI

SECOND-CLASS MAIL SUBSIDY

Senator McCARTHY. What do you estimate the subsidy is now that we are paying in connection with the distribution of second-class mail?

Mr. SUMMERFIELD. I will give you this figure first if I may. The accumulated loss in the postal establishment since the end of the war, World War II, is approximately $3.8 billion. Of that the loss in second-class mail is $1.5 billion, for the years 1946–53.

Senator McCARTHY. In other words, we paid a subsidy of $1.5 billion to the people who are putting out second-class mail?

Mr. SUMMERFIELD. Well, you can call it that.

Senator ROBERTSON. Is that more than we paid in subsidies to support farm prices during that period?

Mr. SUMMERFIELD. According to our records; yes.

Senator ROBERTSON. Is the subsidy on second-class mail since the war more than we have paid during that period in subsidies to agriculture that we hear so much about today and say is so terrible? Which is the greater, the subsidy on second-class mail or the subsidy to the farmers during that 10-year period?

Senator McCARTHY. Would you be able to answer that?

Mr. SUMMERFIELD. I think I can. I can go back to 1936. The figure since 1936 on second-class mail is over $2,400,000,000.

(Source: Hearings before the subcommittee of the Committee on Appropriations, U. S. Senate, Treasury, and Post Office Departments appropriations, 1955, p. 34.)

Mr. ELLENDER. The only thing that I object to in this colloquy is the fact

that the cost of our farm price-support program is referred to as subsidy when, as a matter of fact, it does not constitute a subsidy in the true sense of the word.

Mr. LONG. Mr. President, will the Senator demonstrate to us what is meant by second-class mail?

Mr. ELLENDER. Periodicals, newspapers, and the like.

Mr. LONG. In other words, during the same period of time, the Government has spent twice as much money to subsidize the delivery of newspapers and magazines as it has spent helping the farmer.

Mr. ELLENDER. For the past 20 years, on all basics, that is exactly true.

Mr. President, I have cited to the Senate only three examples of segments of our economy receiving much more Government aid than agriculture. There are many others, more and more subsidies paid directly to business and other portions of our total economy. In order to be perfectly fair, I had my office consult with the Library of Congress in order to determine the volume of Government aids, of all kinds, to agriculture during a certain period, and also aid tendered to other economic groups, to find out just what the comparison was.

As I pointed out earlier, the subject matter we are discussing now is losses sustained by the Government on price-support operations for the basic commodities.

I have before me an exhibit, exhibit VII, which is entitled "Government Aids for Agriculture and for Other Economic Groups."

Government expenditures for aids and special services to agriculture, often called subsidies, are smaller than for several other groups. In the fiscal years 1949–53, inclusive, Government expenditures for aids and special services to agriculture totaled $2,615,000,000. During this period Government expenditures for aids and special services to business totaled $4,346,000,000, and to veterans $24,768,000,000.

For agriculture, the amount spent from 1949 to 1953 totaled $2,615,000,000. Now what does that aid consist of?

In the case of agriculture these aids and special services are predominantly losses realized on price-support programs—

Which are the amounts I have earlier indicated—

expenses of the International Wheat Agreement, Sugar Act payments—

The Sugar Act payments are not a real cost to the Treasury. The Sugar Act provides for a half-cent tax on each pound of sugar and only a part of that is used in order to make these sugar payments. As a matter of fact, the sugar program has enriched the Federal Treasury by from 14 to as much as 17 million dollars a year.

I continue to read from the report on comparative Federal aid to segments of our economy—

payments for removal of surplus commodities, and administrative expenses of loan programs and other aids to farmers. Other major expenditures for aids to farmers classified elsewhere in the budget are provided through loans at favorable interest rates, soil-conservation payments, reclamation aids, and other developmental aids. Farmers also benefit indirectly from the school-lunch program, international aids and similar Government expenditures which are intended primarily to benefit other groups.

Mr. President, so that the Senate may have the whole picture, I ask unanimous consent that this exhibit be inserted in the RECORD at this point.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

EXHIBIT VII

GOVERNMENT AIDS FOR AGRICULTURE AND FOR OTHER ECONOMIC GROUPS, 1949–53

(Prepared by Library of Congress, Legislative Reference Service)

Government expenditures for aids and special services to agriculture, often called subsidies, are smaller than for several other groups. In the fiscal years 1949–53, inclusive, Government expenditures for aids and special services to agriculture totaled $2,615,000,000. During this period Government expenditures for aids and special services to business totaled $4,346,000,000, and to veterans $24,768,000,000. Preliminary figures for fiscal years 1949–55 indicate no appreciable change in the proportion of benefits. (See table below.)

Current expenses for aids and special services

[In million dollars]

Fiscal years	Agriculture [1]	Business [2]	Labor [3]	Home owners and tenants [4]	Veterans [5]	Other aids
1949	341	773	175	−11	5,549	1,091
1950	601	789	228	−111	5,583	1,264
1951	905	809	197	−160	4,515	1,327
1952	463	1,041	200	−129	4,710	1,364
1953 [6]	305	934	215	−123	4,178	1,506
Subtotal	2,615	4,346	1,015	−534	24,768	6,552
1954 [7]	609	918	204	−100	4,057	1,672
1955 [7]	549	609	216	−48	4,085	1,656
Total	3,773	5,873	1,435	−682	32,687	9,880

[1] Agriculture: In the case of agriculture these aids and special services are predominantly losses realized on price-support programs, expenses of the International Wheat Agreement, Sugar Act payments, payments for removal of surplus commodities, and administrative expenses of loan programs and other aids to farmers. Other major expenditures for aids to farmers classified elsewhere in the budget are provided through loans at favorable interest rates, soil-conservation payments, reclamation aids, and other developmental aids. Farmers also benefit indirectly from the school-lunch program, international aids, and similar Government expenditures which are intended primarily to benefit other groups.

[2] Business: In the case of business the aids and special services included in this summary are primarily portions of the postal deficits arising from air mail and 2d-, 3d-, and 4th-class mail; maritime-operating subsidies and navigation and other aids to the shipping industry; various aids to air navigation; and the net losses accruing on defense production aids. Many businesses also benefit by expenditures classified elsewhere in the budget, such as those to stimulate housing construction, to provide more economical sources of electric power, and to control floods. Numerous tax advantages also accrue, e. g., from depletion allowances given extractive industries, accelerated amortization of emergency defense facilities, and protective tariffs.

[3] Labor: In the aids to labor the largest Federal expenditure is for the Federal-State program of unemployment insurance and public employment offices. The Federal Department of Labor makes grants to the States to cover the full cost of administering these services.

[4] Home owners and tenants: Since loans and other financial aids to home owners and tenants are classified in this analysis as investment-type expenditures, current expenditures consist chiefly of grants to local authorities for low-rent public housing and for slum clearance and redevelopment. These are increasing, as the local agencies complete the projects and become eligible for the grants. However, receipts from insurance of mortgages and savings and loan share accounts, as well as from mortgage purchase and other housing loan programs, exceed gross expenditures for housing in all 3 years.

[5] Veterans: Current net expenditures for aids to veterans in the fiscal year 1955 are estimated at $4.1 billion, slightly above 1954. Compensation pension benefits account for more than half of the total estimated for fiscal year 1955. The monthly compensation payments are to veterans with service-connected disabilities and to the families of deceased veterans. Pensions are paid in nonservice cases. Hospital and medical care is provided for veterans in a Government-operated system of hospitals, through contracts with other institutions, and through outpatient services. Other important current aids to veterans are readjustment benefits for veterans of World War II and the Korean conflict, most of which are for educational purposes. Included are outlays for education and training of veterans who enroll in schools and colleges, or vocational training on the job or farm; losses under the loan-guaranty programs; and veterans' unemployment allowances.

[6] Actual.

[7] Estimated.

Mr. ELLENDER. I wish to emphasize that American agriculture is not on the dole any more than American business is on the dole, as these figures well show. Today all American agriculture asks is that the Federal Government continue for 1 more year the protection that it owes our farmers.

Much has been said of present CCC inventories—that they are large and that tremendous losses will be sustained on them. I doubt that the "tremendous losses" which have been forecast will materialize.

Mr. President, another argument that is advanced for the flexible-price plan is based on the erroneous premise that today's surpluses are the result of the 90-percent-of-parity price supports. The fact that the present CCC inventories are large is not the fault of the farmers, but a result of action of the Government which wisely sought to prepare for the worst while we were seeking an armistice in Korea.

The Senate Agriculture Committee's report on the pending bill shows at page 21 the production goals set by our Government for the 1952 crop year. These goals were set high because of the fear that all-out war would come and increased stocks of food and fiber products would be needed.

Let us study this exhibit and see exactly what the situation was in 1950, the year when the war in Korea started.

In 1950 the production of cotton was 9.9 million bales; 1951 production was 15.2 million bales; and the goal for 1952 was 16 million bales. Except for the fact that the farmers of the Nation were asked to produce additional cotton, I feel sure it would not have been planted. On the contrary, the law now on the statute books would have been put into effect. Marketing controls and acreage allotments would have been proclaimed. The farmers would not have received 90-percent support prices unless they complied with the law. Here is how that law would have worked:

As is well known, upon carryovers reaching a specified point, the Secretary of Agriculture is required to take certain action. Whenever the amount of a basic commodity on hand is above a certain level percentagewise, as outlined in the law, then the question is placed before

the farmers as to whether they are desirous of placing themselves under acreage controls and receiving 90-percent-of-parity price supports or continuing unlimited production and facing lower supports. If they vote for controls, the controls become effective. Acreage is limited; production is reduced. In that way the program operates to reduce the amount for the ensuing years, thereby avoiding the creation of huge surpluses.

Yet in 1951, in preparation for the 1952 crop year, it was decided to use emergency provisions of the law, to disregard the provision calling for acreage allotments and marketing controls when supply reached a certain point. Instead, spurred on by the Korean war, our Government did just the opposite—it called for all-out production.

For example, there was not an excessive amount of wheat on hand in 1950. There were normal carryovers, as the table shows. Yet, because of the conflict in Korea, which was then in progress, the farmers of the Nation were asked to produce more and more wheat, more and more corn, and more and more of all commodities; and they proceeded to plant large quantities of these. They are now being penalized because of the patriotism which was evidenced by them when they were asked to produce these enormous quantities of farm commodities.

As I pointed out a while ago, the Department was burdened by a fear of the shortages which might result because of the Korean War, and it was because of an effort on the part of the farmers to meet the goals that large amounts of certain commodities were produced. Because the Korean war ended, wartime needs did not materialize. Present stocks are abnormally high. Cotton farmers along with producers of other basic commodities are being punished.

All I ask now is that the present program be continued for only 1 more year, in order to give the farmer a chance to stabilize his production. It would be really cruel to the farmer to punish him now by withdrawing price supports, and penalizing him for the commodities he produced at his Government's urging.

Mr. President, at this point I desire to place in the RECORD an exhibit which indicates farm production for 1950 and 1951, and production goals for 1952. These goals were actually fixed by the Department of Agriculture itself, and they are the prime cause of our present day enormous surpluses.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

United States 1952 production goals with comparisons

Crop	Unit	Production			Percent 1952 goal is of 1951
		1950 [1]	1951 [1]	1952 goals	
Intertilled:					
Corn	Million bushels	3,058	2,941	3,375	115
Sorghum, grain	do	233	159	205	129
Soybeans, beans	do	299	281	276	98
Cotton	Million running bales	9.9	15.2	16.0	105
Potatoes	Million bushels	430	326	350	107
Sweetpotatoes	do	50	28	46	164
Dry edible beans (cleaned)	Million 100-pound bags	15	16	16	100
Truck crops:					
Fresh market (25)	Thousand tons	9,073	8,572	[2] 8,800	103
Processing (11)	do	5,303	7,506	[2] 6,383	85
Close-sown:					
Oats	Million bushels	1,410	1,316	1,307	99
Barley	do	304	255	290	114
Wheat, all	do	1,019	987	1,165	118
Rye	do	21	21	22	105
Flaxseed	do	40	34	38	112
Rice, rough	Million 100-pound bags	39	44	42	95
Hay:					
All	Million tons	102	108	105	97
Tame	do	90	96	93	97

[1] BAE Annual Summary, December 1951.
[2] Includes an assumed production for some vegetables for which no goals will be set. Separate announcements have been made of vegetable goals by types.

Mr. ELLENDER. Mr. President, we also hear that the sliding scale will lower prices and increase consumption; that the Benson plan will take food out of storage and put it into consumption. This sounds good, but the fact is, Mr. President, that the proponents of flexible price supports are flying under false colors and proceeding on the wrong track. They reason this way: Cut the prices paid to farmers. This, they claim, will reduce the prices consumers must pay for the food and fiber products they buy. Then they go one step further. They assert that lowered costs will result in increased consumption and, presto, all our surpluses are magically done away with.

The story sounds good, but the reasoning is wrong. It is wrong because the basic premise upon which it rests is false. The fact is that lowering farm costs will not appreciably affect the prices consumers must pay for food and fiber products.

The Department of Agriculture estimates that for each dollar spent on food by the average American family, only 45 cents goes to the farmer who produces the various commodities included therein. The remainder goes to pay marketing, processing, and transportation costs. This is what the Department of Agriculture's Agricultural Marketing Service had to report in its May 1954 edition of The Marketing and Transportation Situation:

> The bill for marketing farm-produced food products in 1953 was more than three times that of 1932. This increase resulted from an expansion in the quantity of food marketed, an extension in marketing services per unit of product handled, and advances in costs per unit of labor, plant, equipment, mechanical power, supplies, etc. Profits, too, were larger.
>
> Direct labor costs, the largest single item, were more than four times larger in 1953 than in 1932. The number of workers increased nearly three-fifths and average hourly earnings more than tripled. Labor costs accounted for about 53 percent of the marketing bill in 1952 and 1953 compared with an average of 47 percent in 1935–39.

Mr. President, I have before me a table which appears on pages 36 and 37 of the Senate committee report on the bill, which shows the marketing margin and farmer's share of the retail cost of farm products. Senators will note that in nearly every instance the farmer receives but a fraction of the retail cost of the food and fiber products covered therein. Thus, a so-called sliding-scale parity, particularly as applied to the basics, would not benefit the consumer, but taking money from the farmer's pocket, without lowering the prices he must pay for the necessities of life, forces our agriculture to carry an unfair burden.

The exhibit shows that, of the total price paid for the contents of an average monthly market basket, which includes meat products, dairy products, poultry, eggs, bakery and cereal products, ingredients for cooking, grains, and fruits and vegetables, in the period 1947 to 1949 the farmer received 49 percent of the total cost of all commodities in the market basket. In January 1954 he got 45 percent, which was 4 percent less. In October 1953 he got 45 percent, and he also received that amount in January and March of 1953. It will be noted that the farmers, as a whole, get very little for many of the commodities they produce.

Take evaporated milk, as an example. The farmer receives 47 percent of the retail price of that commodity. He receives 50 percent of the retail price of fluid milk. For soda crackers, which are manufactured from flour, he received but 17 percent of the retail price as of January 1953. In October of 1953 he received but 14 percent. In January 1954 he received but 15 percent. On corn flakes, the farmer receives 15 percent of the price I pay in the grocery store. For cornmeal he receives but 26 percent. The rest of the retail cost goes to pay labor, handling, transportation, and costs of that kind.

Mr. President, I do not wish to take the Senate's time to go into greater detail on this subject, but I ask unanimous consent that the table to which I have referred be printed in the RECORD at this point so that Senators may have the facts before them.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT X

TABLE 4.—*Farm food products. Marketing margin and farmer's share of the retail cost, January–March 1954, October–December 1953, January–March 1953, and 1947–49 average* [1]

Product	Retail unit	Marketing margin [2]						Farmer's share			
		January–March 1954 [3]	October–December 1953	January–March 1953	1947–49 average	Percentage change January–March 1954 from— October–December 1953	Percentage change January–March 1954 from— January–March 1953	January–March 1954 [3]	October–December 1953	January–March 1953	1947–49 average
						Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Market basket	Average quantities purchased per urban wage earner and clerical-worker family in 1952.	$551.23	[4] $552.26	$545.75	$486.85	(5)	+1	45	45	45	49
Meat products		95.08	[4] 98.97	100.14	85.09	−4	−5	65	62	61	67
Dairy products		98.59	[4] 96.76	94.22	77.49	+2	+5	47	49	50	54
Poultry and eggs		36.14	37.40	35.71	36.34	−3	+1	66	68	68	69
Bakery and cereal products:											
All ingredients		113.65	[4] 113.02	110.13	88.78	+1	+3	22	22	23	27
Grain		----------	----------	----------	----------	----------	----------	17	17	17	----------
Al. fruits and vegetables		144.81	[4] 143.46	144.53	133.98	+1	(5)	28	28	32	31
Fresh fruits and vegetables		73.75	71.54	73.62	61.72	+3	(5)	35	35	40	40
Fresh vegetables		39.27	36.99	39.38	29.37	+6	(5)	32	33	42	45
Processed fruits and vegetables		71.06	[4] 71.95	70.92	72.26	−1	(5)	20	20	20	21
Fats and oils		28.85	28.57	26.93	33.33	+1	+7	34	34	34	36
Miscellaneous products		34.11	34.08	34.09	31.84	(5)	(5)	18	18	18	18
		Cents	*Cents*	*Cents*	*Cents*						
Beef (choice grade)	Pound	24.8	[4] 23.6	27.8	20.0	+5	−11	64	66	62	71
Pork (excluding lard)	do	16.9	19.0	17.0	17.6	−11	−1	71	65	65	67
Butter	do	27.1	26.0	25.2	22.0	+4	+8	66	67	68	72
Cheese, American processed	do	29.9	[4] 28.9	28.0	20.7	+3	+7	50	51	54	61
Evaporated milk	14½-ounce can	8.0	7.7	7.9	6.6	+4	+1	44	46	47	52
Fluid milk	Quart	12.1	12.0	11.5	9.3	+1	+5	47	48	50	53
Chickens, frying	Pound	20.1	20.7	19.6	----------	−3	+3	59	60	64	----------
Eggs	Dozen	17.1	17.9	17.2	18.7	−4	−1	72	74	73	72
Bread, white	Pound	14.3	14.2	13.6	10.9	+1	+5	16	15	16	19
Crackers, soda	do	23.1	23.2	21.8	----------	(5)	+6	15	15	16	----------
Corn flakes	12 ounces	18.7	18.7	18.0	18.8	0	+4	15	14	17	19
Cornmeal	Pounds	9.2	9.3	8.6	8.2	−1	+7	26	26	32	31
Flour, white	5 pounds	33.1	32.4	32.1	27.9	+2	+3	38	38	39	42
Rice	Pound	12.0	12.0	9.5	11.4	0	+26	39	39	50	41
Rolled oats	20 ounces	13.3	13.4	[4] 13.3	10.7	−1	0	28	27	27	34
Apples	Pound	7.5	6.8	7.6	6.1	+10	−1	49	50	49	46
Grapefruit	Each	8.3	8.0	8.2	7.1	+4	+1	15	20	18	18
Lemons	Pound	13.3	13.9	14.9	12.0	−4	−11	29	29	27	32
Oranges	Dozen	35.1	37.5	33.0	34.0	−6	+6	25	24	27	27
Beans, green	Pound	15.1	12.4	14.6	11.8	+22	+3	43	42	48	44
Cabbage	do	5.7	5.3	5.9	5.0	+8	−3	20	22	18	28
Carrots	do	9.6	9.6	7.8	6.9	0	+23	24	31	31	38
Lettuce	Head	8.9	10.0	9.6	8.1	−11	−7	41	36	35	44
Onions	Pound	5.0	4.9	6.0	4.7	+2	−17	18	21	51	44
Potatoes [6]	15 pounds	50.3	48.2	54.3	40.3	+4	−7	24	30	44	49
Sweetpotatoes	Pound	7.8	7.3	9.9	6.5	+7	−21	40	40	45	42
Tomatoes	do	18.8	16.9	18.4	----------	+11	+2	39	34	40	----------
Peaches, canned	No. 2½ can	27.8	28.0	27.8	26.2	−1	0	16	16	18	17
Orange juice, canned	46-ounce can	25.2	26.1	23.8	----------	−3	+6	27	26	26	----------
Corn, canned	No. 303 can	15.9	16.0	16.1	14.0	−1	−1	15	15	16	16
Peas, canned	do	18.1	18.1	18.3	18.4	0	−1	15	15	14	14
Tomatoes, canned	No. 2 can	14.2	14.3	15.0	13.8	−1	−5	18	17	18	19
Beans with pork, canned	16-ounce can	11.6	11.6	11.6	----------	0	0	19	19	19	----------
Orange juice concentrate, frozen	6-ounce can	12.9	[4] 15.2	13.7	----------	−15	−6	30	[4] 29	26	----------
Strawberries, frozen	12 ounces	27.1	26.9	28.5	----------	+1	−5	27	28	25	----------
Beans, green, frozen	10 ounces	19.6	19.3	19.5	----------	+2	+1	20	20	20	----------
Peas, frozen	do	16.0	[4] 16.0	[4] 16.0	----------	0	0	17	17	17	----------
Dried prunes	Pound	19.5	19.0	17.7	14.3	+3	+10	34	35	38	38
Navy beans	do	9.2	9.7	8.8	10.2	−5	+5	47	44	47	49
Margarine, colored	do	20.8	20.8	20.3	27.3	0	+2	31	30	31	31
Peanut butter	do	29.5	29.7	29.5	----------	−1	0	40	40	40	----------
Salad dressing	Pint	27.1	26.1	25.8	27.8	+4	+5	24	25	25	26
Vegetable shortening	Pound	23.2	22.6	21.3	25.7	+3	+9	33	34	36	37
Corn sirup	24 ounces	19.9	19.9	19.8	----------	0	+1	16	15	16	----------
Sugar	5 pounds	32.1	32.3	32.4	29.0	−1	−1	39	39	38	40

[1] Information concerning the calculation of the marketing margin and farmer's share are given in the supplement to the July–September 1953 issue of this situation. Product groups include more items than those listed in this table. For example, the meat products group includes lamb, veal, and lower grades of beef in addition to pork and carcass beef of Choice grade.

[2] The marketing margin is the difference between the retail cost and the net farm value, table 11.

[3] Preliminary estimates.

[4] Revised.

[5] Less than 0.5 percent.

[6] See table 14, p. 35, for revised data.

Mr. ELLENDER. Mr. President, the table points up one more salient factor I should like to discuss. Much has been made of the fact that agriculture is being given an unfair advantage—that no other segment of our American economy has a comparable standing. I disagree. The Government does not subsidize American agriculture. It either buys a commodity and gets a quantity of that commodity in return for our tax money, or it lends money to a farmer, who pledges his crop as collateral. In no instance covered by the bill under discussion today, as affects basic commodities, does our Government pay direct subsidies to our American farmer such as those paid airlines; nor does it dole out valuable and costly benefits such as those made available to large publishing concerns—benefits which have resulted in sizable postal deficits.

Our Government does not guarantee our farmers a break-even price. The Government offers to buy, or to lend money, at a base computation which would give the farmer 90 percent of the relative purchasing power he had during a specified base period. Reducing this percentage would not equalize the farmer's economic position, but would place him at a greater disadvantage. Farm operating costs have been constantly increasing; farm income has been falling. Net farm income in 1953 stood at only about 36 percent of gross income, compared with 37 percent in 1952 and nearly 43 percent in 1949.

That brings me to another exhibit, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Agricultural summary

[In millions of dollars]

Year	Realized gross farm income	Farm production expenses	Net farm income		
			Net farm income	Percentage gross income	Purchasing power in 1939 dollars
1949	31,763	18,170	13,593	42.8	6,935
1950	32,066	19,704	12,362	38.6	6,243
1951	36,962	22,317	14,645	39.6	6,780
1952	36,526	23,027	13,499	37.0	6,164
1953	35,100	22,600	12,500	35.6	5,730

Source: Economic Report of the President, Jan. 1954, p. 181.

Mr. ELLENDER. Mr. President, in 1949 realized gross farm income was a little more than $31 billion. In 1953 realized gross farm income was a little more than $35 billion. However, when there is deducted from this gross income all farm production expenses—that is, the cost of producing commodities—it will be seen that in 1949 farm production expenses were a little over $18 billion, whereas in 1953 they were over $22 billion.

Net farm income in 1949 was 42.8 percent of gross income, whereas in 1953 it was only 35.6 percent.

Reduced to purchasing power, as measured by 1939 dollars, the farm income in 1949 amounted to almost $7 billion, for a realized gross farm income of $31 billion. However, a realized gross farm income of $35 billion in 1953 gives a farmer the 1939 purchasing power of only $5,730,000,000—quite a reduction over a 4-year period.

If the present 90 percent of parity support program were now replaced with one offering less in the way of price support, it would cut farm income without affecting farm operating costs. That is important. We must not forget that the farmer must purchase equipment, clothing, processed foods and other manufactured items. The prices of these items are kept up by virtue of minimum wages paid laboring people—which none of us wished changed. For example, as I have already pointed out, hourly earnings have been steadily increasing, even as farm income has been falling.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a table showing the relationships to which I have referred.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT XII

Gross average hourly earnings for selected industries (1941–52)

	Manufacturing	Durable goods	Nondurable goods
1941	$0.729	$0.808	$0.640
1942	.853	.947	.723
1943	.961	1.059	.003
1944	1.019	1.117	.861
1945	1.023	1.111	.904
1946	1.086	1.156	1.015
1947	1.237	1.292	1.171
1948	1.350	1.410	1.278
1949	1.401	1.469	1.325

EXHIBIT XII

Gross average hourly earnings for selected industries (1941–52)—Continued

	Manufacturing	Durable goods	Nondurable goods
1950	$1.465	$1.537	$1.378
1951	1.590	1.670	1.480
1952	1.670	1.760	1.540
1953 (December)	1.790	1.890	1.630

Source Monthly Labor Review (February 1954), p. 1234.

Mr. ELLENDER. The table which I have just placed in the RECORD shows the gross average hourly earnings for selected manufacturing industries for the period 1941 to 1952, and was taken from the Monthly Labor Review of February 1954, page 1234. In 1941 the gross average hourly wage was almost 80 cents an hour. In 1942 it was a little more than 85 cents. From year to year, as the table shows, that wage has been increasing until, in December of 1953, the gross average hourly wage in manufacturing had increased to $1.79 an hour.

In the durable goods industry, the gross average hourly wage in 1949 was a little over 80 cents an hour. Today it is $1.89 an hour. In the nondurable goods industry, the gross average hourly wage in 1941 was 64 cents an hour. Today it is $1.63 an hour.

In other words, the table shows that the wages of the laboring man have been increasing from year to year. I do not regret that; the American worker is entitled to it. However, we must realize that the same laborer is the person who produces the goods and materials which farmers need. While the prices which the farmer receives for his commodities have been going down, the cost of the products which the farmer has to buy has been going up. There has been a continuous parade of higher wages paid to persons who manufacture and produce products which the farmer himself uses. This has placed the farmer in a squeeze between falling income and increased operating costs. The farmer's economic position has been constantly deteriorating, while the income of the workingman and the corporation—aided by minimum wages and Federal assistance of other forms—have been increasing. For instance, in 1953, farm income fell $2.4 billion, while labor income increased by $14 billion and corporate profits rose by nearly $3 billion.

Mr. President, consider the situation in 1930. At that time, farm income was $3,900,000,000; labor's income was $46,300,000,000. Gross corporate profits were $3,300,000,000.

But in 1953 gross corporate profits had increased to $41.9 billion, in contrast to labor's income of $198.9 billion, and net farm income of $12.4 billion.

In examining the table, we see that from year to year—from 1930 through 1953—in most cases there has been a gradual increase in corporate profits and in labor income; but insofar as farm income is concerned, although there has been some increase, there have been too many decreases for the farmer to break even. In other words, the increase in farm income has been far from steady, as compared with the increase in corporate profits and the income of labor.

Mr. President, I ask unanimous consent that the table to which I have been referring be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT XIII

Comparative income status of business-labor-agriculture

[In billions of dollars]

Year	Gross corporate profits	Labor income	Farm income
1930	3.3	46.3	3.9
1936	5.7	42.1	3.9
1938	3.3	42.8	4.4
1939	6.5	45.7	4.5
1940	9.3	49.5	4.9
1943	25.1	104.5	11.8
1944	24.3	116.2	11.8
1945	19.7	116.9	12.5
1946	23.5	111.1	14.8
1947	30.5	122.3	15.6
1948	33.8	134.9	17.7
1949	27.1	134.2	12.8
1950	41.0	146.5	13.3
1951	43.7	170.7	15.5
1952	39.2	184.9	14.8
1953	41.9+2.7	198.9+14	12.4−2.4

Source: Historical and Descriptive Supplement to Economic Indicators, 83d Cong., 1st sess., pp. 45 and 46; Economic Indicators, April 1954, pp. 22 and 23.

Mr. ELLENDER. Mr. President, thus we see that all the arguments for flexible price supports are fallacious. The farmer is not at an economic advantage. We are only seeking to keep farmers from going bankrupt while they adjust to peacetime production.

Second. The surpluses in some farm commodities do not result from the present farm program, but, rather, from its administration and the request of our Government that farmers strive for all-out production in the time of war or similar national emergency.

Third. Reduced farm prices would not proportionately reduce food prices to consumers. There would be no increased consumption to reduce the stocks of commodities. There would only be bankrupt farmers and perhaps richer middlemen.

I believe it would be most cruel now to further depress farm prices, to deliberately undermine the backbone of our economy—our Nation's agriculture. To do so would be to concentrate our lifeblood, food and fiber, in the hands of too few of our people. We must not make the mistake of offering the American farmer as a living sacrifice to the half truths and misrepresentations which the opponents of the present farm program have used in an attempt to discredit it. We must not, Mr. President, penalize our farmers for their patriotism in producing present stocks of cotton, corn, wheat, and other basic commodities—stocks which their Government asked them to produce, and which would have been sorely needed had a truce not been achieved in Korea. The pending bill, which gives our farmers a year of grace, which would keep farm income relatively stable while production is curtailed and stocks reduced, is the least we can do for the men and women who feed and clothe our Nation.

Mr. CLEMENTS. Mr. President, the American farmer and those who buy his

products are being subjected to malicious poison, designed to divide our people and undermine the gains made by the farmers of our Nation, during the last 20 years.

The truth is that the farmer and the city dweller are each others best customers. The farmer furnishes the urban person with his food and, at the same time, buys the products manufactured in the city. Their livelihoods are closely intertwined, and any attempt to drive a wedge between them is one of the greatest disservices to the well-being of our Nation.

Under our Constitution and laws, the President of the United States appoints his Cabinet, who serve as his advisers, in the running of the executive branch of the Government.

These advisers are responsible to the President in the conduct of the departments of Government affecting various phases of our daily life and our economy. They are regarded as experts in a particular field. They represent the interests of those who earn their living in that phase of our society, although they are charged with remembering that the strength of our Nation is the ability of 160 million Americans to pull together as a team.

One of these advisers is the Secretary of Agriculture. His job is to serve the American farmers and help them obtain the maximum productivity from the soil and the greatest measure of success from their work in the fields of our Nation.

A part of his task is explaining the farmers' problems to the President, Congress, and the people of our Nation. This does not mean that he should disregard the general welfare and become nothing but a special pleader. But, just as assuredly, it does not mean that he should be a party to placing the needs of the farmer in such a light that he promotes cleavages among our people, particularly if the disunity he spreads is hurtful to those he ostensibly is supposed to help.

A prime example of such dissension-sowing would be for the Secretary of Agriculture to pit the interests of the consumer against the interests of the farmer.

If a Secretary of Agriculture were to say to the American people, "At what point will the 140 million Americans who do not live on the farm rise up and demand, not revision but outright elimination of all direct aid to agriculture?" we would have a clearcut example of improper representation of the farmer's interest and, more importantly, a disregard of the Nation's interests.

This statement might be a figment of my imagination—a few words I had put together as an example.

The fact is that it is not imaginary. These are the actual words of the present Secretary of Agriculture before a committee of the Senate in January of this year.

This is but one statement in a long series of statements by the Secretary, designed, first, to undermine a program which has brought the farmers out of the misery and despair of foreclosure and depression and given them a measure of prosperity; and, second, designed—whether intentionally or not—to mislead the consumers into believing that the farmer is wallowing in luxury at the expense of the market basket in the food store.

In 1952 there was no warning that a new administration in Washington would preach opposition to the present farm program or to the theory of price supports and crop storage. The Republican candidate did not offer supports at 75 percent, or 80 percent, or 82½ percent. He spoke of full 90 percent of parity, and higher—with no ifs, ands, or buts. I quote from a speech of the present incumbent of the White House at Brookings, S. Dak., on October 4, 1952:

> The Republican Party is pledged to the sustaining of the 90-percent parity-price support, and it is pledged even more than that to helping the farmer obtain his full parity, 100 percent parity, with the guaranty in the price supports of 90.

Let us see what the administration has done toward accomplishing the goal of 100 percent of parity with the guaranty of price supports of 90—let us go back and compare prices then as a percentage of parity with recent prices. From the Department of Agriculture bulletins entitled "Agriculture Prices" we find that in October 1952, the average price as a percentage of the parity price on cotton was 108 percent; as of July 1954 it was 92 percent; on wheat, October 1952, 84 percent; July 1954, it was 80 percent; rice in October 1952 was 105 percent; in July 1954 it was 76 percent; corn in October 1952 was 86 percent; in July 1954 was 82 percent; for peanuts in October 1952 it was 83 percent; in July 1954 it was 82 percent; for grain sorghum in October 1952 it was 101 percent; in July 1954 it was 86 percent.

There was no indication in 1952 that the present farm program was detrimental to the consumer, or that the time would come when the interest of the farmer would be pitted against the interest of those in the urban communities. At Little Rock, Ark., on September 9, 1952, the Republican candidate declared:

> I believe that a true practice of the qualities I have mentioned already comes if leadership in our country tries to show the value of cooperation and friendship rather than to try to seek votes out of class divisions.

This was a fine statement and one received with enthusiasm by farmers, regardless of political affiliation—but wait, there was a dark cloud on the horizon, yet unseen by the farmer. Two and one-half months later, on November 24, 1952, from Morningside Heights, came the announcement that Ezra Taft Benson had been selected as Secretary of Agriculture for the Eisenhower Cabinet.

Things were different beginning in 1953. On February 5 of that year Secretary Benson declared that "price supports should provide insurance against disaster."

Two months later began the program designed to undermine the support program and sow the seeds of division. Speaking to the annual convention of the American Society of Newspaper Editors, Secretary Ezra Taft Benson said, and I read from the New York Times of April 17, 1953:

> Unless effective action is taken to cut down the cost to the taxpayers of operations entailing Government accumulation of huge stocks, the customers in the cities will turn against the program and may result in throwing it all out.

Is not this a remarkable statement for a Secretary of Agriculture to make to a group of news editors, or did he see this as a fine public forum to spread further propaganda?

There is another way in which this same disunity has been spread. This involves choosing the meeting and making a special appeal, pitting one audience against the other. There was a classic example of this during the month of September 1953.

Secretary Benson appeared as the principal speaker at the national plowing contest in Eau Claire, Wis., on September 19, and before the meeting of the American Bankers Association in Washington, D. C., 3 days later, on September 22.

To the farmers he said:

> I have not become Secretary of Agriculture to sit idly by, wringing my hands, and let the farmer be squeezed by lowered farm prices and high fixed costs.

Then he told the bankers:

> Too many Americans are calling on Washington to do for them what they should be willing to do for themselves.

Let us check this price squeeze situation and ascertain how active the Secretary has been, whether or not he has sat idly by—again I refer to the Secretary's own information facilities and quote from his publication, the Marketing and Transportation Situation. In 1952, the farmer's share of the retail cost of the farm food market basket averaged 47 percent of the cost—in May 1954, the latest available date, the share of the farmer has dwindled to 44 percent of the cost. This is quite a drop from the 1947 average of 51 percent of the retail cost of the farmer's food market basket received by the farmer.

The farmers were told:

> President Eisenhower and I are both determined to do all within our power to protect and improve the living standard of the farm people * * * to enhance farm prices in 1953–54.

Judging from the results of their protection and improvements, I would say the farmer would probably just as soon have a little less of their type of protection and a little more money if the drop in the parity ratio from an even 100 in October 1952, to 88 in July, just announced, is to be the continuing result of their benevolence.

Reversing the field again, before a different audience, he informed the bankers:

> It is generally agreed that there is danger of undue concentration of power in the Federal Government.

Back once again to the speech before the farmers:

> The present farm programs * * * don't go far enough when it comes to providing incentives for progress.

Then again to the bankers:

> It is high time we had this awakening to the dangers of undue dependence on public assistance. * * * We believe, in short, that the principles of economic freedom are applicable to farm problems.

Could it be that Secretary Benson thought he could say one thing to the farmers and another to the bankers and hide his seeds of disunity from each? It hardly seems possible. It appears more logical that he knew exactly what he was doing.

The Republican National Committee joined the sowers of disunity when it devoted part of one of its recent issues of Straight From the Shoulder to spreading the poison about the crop storage program.

This issue of the national committee's official publication reported, for example:

There is also enough pork in storage to supply each family for 6 months.

I knew this to be incorrect and I did a little checking and was informed by Mr. Benson's own Department on June 2 of this year that there was not 1 pound of pork in storage and not 1 pound of pork under loan by the Department.

The charges continue. I was disappointed to see the distinguished Vice President make the following statement less than a month ago:

My hope is that in trying to solve it [referring to the problem of surplus crop storage] that we do not get ourselves in a straitjacket, all wound up in a maze of bureaucratic controls where the Government must come out on farms to tell farmers what they can raise and what they can sell. Or another danger * * * that we ride blindly on to an inevitable clash between town and country.

I refuse to accept the view that a clash is inevitable. There has been no clash for the 20 years of the program and there is need for none now. I place my confidence in the wisdom of the American people when they have the facts. I recall, for example, the letter to the chairmen of the Agriculture Committees of the Congress earlier this year by Mr. Walter Reuther, the head of one of our great labor unions, representing millions of American workers. Mr. Reuther declared:

We denounce Secretary of Agriculture Benson's attempt to incite city workers against farmers and farmers against city workers by falsely stating that city workers are opposed to price supports for farm products.

We want the members of the Senate and House Agriculture Committees and every Member of both Houses to know that we shall not be split away from and put in opposition to the working farm families of America.

There is nothing in this statement which indicates any inevitable clash. This is the kind of statement to be expected when the facts are known and understood by the American people.

Mr. President, when we get to the core of the present attacks on the farm program, we discover there the basic crops of wheat, cotton, corn, peanuts, and rice, on which present supports are set at 90 percent.

The real villains in the play, according to Secretary Benson, are these crops which, because they are important to our bank account of food and fiber, because they are essential to our daily living, because they are major cash crops of the farmers, and because they are of storable nature, lend themselves to rigid supports.

The attack has centered on these basics, for if the support on these foundation stones of the support program can be weakened, the whole structure of supports will begin to topple.

Secretary Benson testified before the Senate Committee on Agriculture and Forestry, in January of this year, regarding changes in the farm program. During the course of his testimony, he dropped the figure of $16 billion in his statement as the cost of the farm program. This was widely heralded as the cost of the support program. Secretary Benson did nothing to correct the impression.

Mr. Benson's own Department had the true figures on the cost of the support program over the past 20 years. In actual fact, the cost of the program has not closely approximated $16 billion. The report of the Commodity Credit Corporation covering the period October 1933 to May 1954 shows that the total cost of all activities, excluding only the wartime subsidy program has amounted to $1,090,661,186.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks the "analysis of program results from October 17, 1933, through May 31, 1954," prepared by the Commodity Credit Corporation, which contains the costs to which I have referred.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

Commodity Stabilization Service, Commodity Credit Corporation—Analysis of program results from Oct. 17, 1933, through May 31, 1954

[Realized gains and losses (−)]

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	1952	1953	Fiscal year 1954, through May 31, 1954	Oct. 17, 1933, through May 31, 1954
Price-support program:[1]								
Basic commodities:								
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	218,328,306	48,587,399	28,938,218	148,924	−381,572	−908,895	267,310,582
Cotton, Puerto Rican		−126,011	−4,187					−130,198
Cotton, export differential [2]		−27,651,360	−13,709,858					−41,361,218
Cotton-rubber barter		11,055,451						11,055,451
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	−11,775,173	−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
Designated nonbasic commodities:								
Milk and butterfat:								
Butter			−4,111,861	−44,216,443	41,571	−456,492	−22,330,484	−71,073,709
Cheese			−1,031,078	−24,040,464	31,405	14,708	−8,408,190	−33,433,619
Milk, dried			−14,066,310	−42,707,738	−1,183,459	−4,798,735	−35,832,537	−98,588,779
Honey			−874,470	−1,499	107	4,924	16,158	−854,780
Potatoes, Irish [3]		−25,197,222	−389,303,437	−63,437,281	−85,459	−73,658	−37,132	−478,134,189
Tung oil			−311,561	233,811	−1,154	−451	−1,784	−81,139
Wool	−176	−15,834,163	−76,449,116	142,596	−86,610	−15,290	86,227	−92,156,532
Total	−176	−41,031,385	−486,147,833	−174,027,018	−1,283,599	−5,324,994	−66,507,742	−774,322,747
Other nonbasic commodities:								
Barley		−40,019	−3,230,613	−1,790,903	−2,807,078	−2,195,112	−1,074,826	−11,138,551
Beans, dry edible		−179,753	−876,176	−11,746,232	−15,429,183	−6,777,410	−6,199,547	−41,208,301
Castor beans		−171,224	31					−171,193
Cotton, American-Egyptian		−538,573	43,598	14,358	175,206	294,665	38,303	27,557
Cottonseed and products			−597,728	5,506,631	2,686,612	7,701,799	−14,557,193	740,121
Eggs [4]		−224,002	−79,808,061	−76,055,947	−29,368,028	−4,256,139	90,951	−189,621,226
Flax fiber			−397,058	−55				−397,113
Flaxseed and linseed oil		−22,209	−2,558,121	−57,520,995	−4,683,190	−1,422,997	−43,508,812	−109,716,324
Fruit, dried		−109,489	−14,818,291	46,315	−855			−14,882,320
Grain sorghum		437,456	−14,094,985	−22,644,554	31,638	874,126	−752,364	−36,148,683
Grapefruit juice			−1,732,374					−1,732,374
Hemp and hemp fiber		−20,201,375	−1,256,023	21	−1,778			−21,459,155
Hops	−162,036	−792,164						−954,200
Naval stores	−4,435,579	5,997,861	−977,885	−1,974,111	3,876	30,253	8,693	−1,346,892
Oats			−455,666	15,238	−738,889	−194,938	−3,716,444	−5,090,699
Olive oil						−170	−168,672	−168,842
Peas, dry edible		−3,012	−658,012	−227,726	−655	−31		−889,436
Pecans		−3,751						−3,751
Rye	−4,575	60,751	−210,464	−34,759	18,599	7,947	−39,868	−202,369

See footnotes at end of table.

Commodity Stabilization Service, Commodity Credit Corporation—Analysis of program results from Oct. 17, 1933, through May 31, 1954 [1]—Continued

[Realized gains and losses (—)]

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	1952	1953	Fiscal year 1954, through May 31, 1954	Oct. 17, 1933, through May 31, 1954
Price support program—Con.								
Other nonbasic commodities—Con.								
Seeds		−$148,193	−$433,434	$295,452	−$537,879	−$4,050,655	−$17,629,137	−$22,503,846
Soybeans			4,526,337	−139,442	1,574	−24,893	−653,086	3,710,490
Sugar, Puerto Rican and Virgin Island			23,830					23,830
Sugar beets			−16,517,269					−16,517,269
Sweetpotatoes			−134,648	−773				−135,421
Turkeys			40,255	−29,185				11,070
Vegetables, canned		−6,888	18,830					11,942
Total	−$4,602,190	−15,944,584	−134,103,927	−166,286,667	−50,650,030	−10,103,555	−88,162,002	−469,762,955
Total price support	−60,389,701	125,592,975	−701,243,675	−345,598,554	−67,351,576	−61,146,358	−264,688,314	−1,374,825,203
Supply program: [1] [5]								
Cotton and linters		1,592,551	283,648					1,876,199
Grains and seeds		23,969,000	50,416,902	722,558	437,204	405,837	−235,710	75,715,791
Oils (bulk)		29,937	830,050	42,136	6,020	9,194	−26	917,311
Tobacco		4,179,335	588,749					4,768,084
General commodities purchase [6]			186,240,037	−1,551,484	−195,564	1,314,667	1,682,295	187,489,951
Processed and packaged commodities [7]			38,800,398	118,459	162,193	23,559	324,926	39,429,525
Sugar, Puerto Rican raw			37,157	−567		9,439	13,702	59,731
Other		−3,120,517	−296,718	3,185				−3,414,050
Total supply program		26,650,306	276,900,223	−665,713	409,853	1,762,696	1,785,187	306,842,552
Foreign purchase program: [5] [8]								
Cotton		5,439,464	456,271	2,617	−2,617			5,895,735
Fats and oils		22,543,441	16,412,134	−37,417	−2,550			38,915,608
Foodstuffs		4,620,232	1,035,731	17,755	9,770	−2,616	15,867	5,696,739
Other		−274,627	21,191	24,318	53,378			−175,740
Total foreign purchase		32,328,510	17,925,327	7,273	57,981	−2,616	15,867	50,332,342
Emergency feed program:								
Corn							−11,699,229	−11,699,229
Cottonseed meal							−17,304,459	−17,304,459
Oats							−3,562,042	−3,562,042
Wheat							−1,689,397	−1,689,397
Total emergency feed program							−34,255,127	−34,255,127
Commodity export program:								
Cotton [9]		−7,098,694	−5,436,235	−3,729	1,494			−12,537,164
Wheat		−1,209,445	−618				−11,002,431	−12,212,494
Total commodity export		−8,308,139	−5,436,853	−3,729	1,494		−11,002,431	−24,749,658
Storage facilities program		−10,087,438	57,441	−498,980	−1,628,947	121,488	231,937	−11,804,499
Accounts and notes receivable (charge-offs)		11,134	−888,164	−454,137	−196,247	−253,682	−420,497	−2,201,593
Total (excluding wartime consumer subsidy costs) [10]	−60,389,701	166,187,348	−412,685,701	−347,213,840	−68,707,442	−59,518,472	−308,333,378	−1,090,661,186

[1] Allocation of losses and gains as between "Price support program" and "Supply program" for the period prior to the fiscal year 1947 was made on the basis of an analysis completed in April 1949. Since accounting records maintained prior to July 1, 1946, did not provide for this segregation, it was necessary to analyze program results in detail and in some cases make an estimate of the distribution between "Price support" and "Supply" of the total operating result as shown by the accounting records. This analysis was based on all known factors concerning the operations with respect to each commodity.

[2] Includes export differential on owned or pooled cotton only. Differential on exporters' cotton included under "Commodity export program."

[3] Includes price support loss of $2,829,639 on the 1943 and 1944 potato programs, which was formerly included under the general commodities purchase program.

[4] Includes price support loss of $11,956,386 on the 1944 egg program, which was formerly included under the general commodities purchase program.

[5] Portion of overall supply and foreign purchase program effective July 1, 1952.

[6] Includes gain of $178,697,602 carried as "Special reserve—General commodities purchase program" as of June 30, 1946, and transferred to income in May 1947. Also see footnotes 3 and 4.

[7] During the period July 1, 1946, through June 30, 1949, activity under this program was reported as general supply program.

[8] Insofar as possible, operating results have been retroactively classified to correspond with current budgetary programs. In some instances, the accounts maintained prior to July 1, 1946, did not make possible a precise segregation of the results of foreign procurement operations.

[9] Includes export differential on exporters' cotton only.

[10] Includes losses totaling $56,239,432 on price-support commodities disposed of in accordance with Public Laws 389 and 393, 80th Cong.; i. e., transferred to foreign assistance outlets at a price equal to price of a quantity of wheat having equivalent caloric value. The Corporation was reimbursed for these losses by the Secretary of the Treasury.

Mr. CLEMENTS. Mr. President, this sum of $1,374,825,203 does not get down to the core of the attack on 90-percent supports, for only a part of the $1 billion can be charged to this phase of the program.

Actually, the cost of those crops supported at 90 percent of parity has amounted to $130,739,501 according to Mr. Benson's Department. Averaging this over a period of 20 years, 90-percent supports have cost $6,536,975 a year, or 4½ cents a year for each of us.

This, Mr. President, is what is under attack—4½ cents a year for farm prosperity.

The farm program is being condemned because 90-percent supports cost us less each year than it would cost us to buy one copy of a daily newspaper.

The President, in his agriculture message to Congress in January, of this year, made no major recommendations for change on the nonbasic crops which represent the major costs of the Commodity Credit Corporation. His attack centered on the basics which are supported at 90 percent. For everyone of these, save one, he recommended flexible supports.

The administration has concentrated its charges and predicted an inevitable clash between farmer and consumer because of a program which has made it possible for rural America to hold its head up in our economic structure unfrightened by depression and foreclosure—a program which cost all 96 Members of this body $4.32 a year.

Oh, yes, Mr. President, I do not deny that there are other factors to be considered and other charges to be discussed; and I wish to shed some light on them at this point.

One of these charges concerns surpluses in storage. Two factors must be considered in discussing surpluses. In the first place, there is nothing inherently wrong in surpluses. The cotton in storage at the time of World War II made it possible for our Nation properly to clothe our fighting men and the soldiers of many of our allies. Without these stores of basic materials, our military efforts would have been handicapped.

At the time of the Korean conflict, an increased bank account of food and fiber was encouraged by the Secretary of Agri-

culture through raised production goals. It was deemed prudent at that time as a safety factor which would have been so considered by any Secretary of Agriculture under similar circumstances. Any timidity in building food and fiber stocks could have played directly into the hands of the enemy for he not only watches our military strength, but he carefully seeks weaknesses in our whole economic, industrial and social strength. If he had found our Nation with a shortage of food and fiber supply, he would have moved to take advantage of this weakness.

Surpluses take on added meaning in the face of droughts which have been prevalent in our country. Continued drought and adverse weather conditions can be better met with adequate food supplies in reserve.

Today hundreds of thousands of families in our Nation are drawing upon these surpluses to fill their daily needs of food. These are those unfortunates among our population who are without jobs to provide the requirements at the grocery store. In my own State of Kentucky, as of May 15, of this year, 175,000 people were receiving food from the surplus stocks.

I have joined in introducing a measure to give even broader powers to the Secretary of Agriculture in channeling excess farm products to areas where unemployment exists and where the need is greatest. I need not say that I am disappointed this Congress has not acted on this bill.

Our surpluses are being used in other ways for the benefit of our people. Children in the schools receive better balanced diets at a price they can afford because they can draw upon food in storage.

The surpluses have become vital weapons in fighting the cold war. The false promises of communism thrive on empty stomachs. When we can send surpluses to those who are starving in nations under the guns of communism, we have struck a blow against the Red menace. It is obvious from these facts that the surpluses in storage are in no sense a dead loss to our Nation. They are there against emergencies, they are there in times of need, and the fact they are in storage does not mean, in any sense that they are a complete financial loss. The programs on cotton and tobacco have not been a cost to the Government—they show a profit.

There is another factor. Would lower supports do away with surpluses?

There is nothing in our history to show that a reduction in supports might lead to less production by the farmers. In fact, our history shows that when farm prices begin to fall, the farmers tend to overcome the loss in income by planting more and more acres. This they do to maintain their income. Sliding supports could, in fact, result in greater production rather than less.

Mr. President, as I proceed I want it to be perfectly clear that I am asking nothing special for the farmer. He should not receive, nor would he want, treatment above and beyond his due or above and beyond that which we might provide for other segments of our population. The farmer has consistently supported the program of rigid supports with acreage controls on the six basic commodities.

Only last week, in the face of confusion caused by uncertainties, the wheat farmers of the Nation voted acreage allotments for the coming year. Last year, the cotton producers, by a vote of 458,382 to 29,071—16 to 1—voted to abide by quotas.

Marketing quotas for tobacco have been in effect continuously for 15 years, and in referendum after referendum, over 95 percent of the growers have voted for quotas.

Of course, others than farmers call upon the Federal Government for help, and throughout our history the people have supported such help to segments of our society in the interest of the general good.

An excellent publication, issued only last month by the Committee on Agriculture of the House of Representatives, discusses this matter fully.

This pamphlet is entitled "Government Subsidy, Historical Review—A Summary of the Use of Subsidies To Advance the Aims and Purposes of Government Since the First Congress to the Present Time."

I was particularly interested in one table contained in the publication, and I ask unanimous consent to have it inserted in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Government expenses for selected categories, 1949–55

[In million dollars]

Fiscal year	Agriculture	Business	Labor	Veterans	General aids
1949	341	773	175	5,549	1,091
1950	601	789	228	5,583	1,264
1951	905	809	197	4,515	1,327
1952	463	1,041	200	4,710	1,364
1953	305	934	215	4,178	1,506
1954 (estimated)	609	918	204	4,057	1,672
1955 (estimated)	549	609	216	4,095	1,656
Total	3,773	5,873	1,435	32,687	9,880

Mr. CLEMENTS. Mr. President, adding the figures for the years contained in this table, we find that from 1949 to 1955 Government expenses in these categories have totaled $53,648,000,000, of which agriculture expenses have totaled $3,773,000,000 for all phases—including the International Wheat Agreement, the Sugar Act, Extension Service, and general operations—about 7 percent of the total.

It will be noted, for example, that in every one of these years except one the expenses in connection with business have been greater than those of agriculture.

I do not argue against any of these expenses. I merely present the information here to place the cost of the agricultural program in relation to other expenses of a like nature carried by the Government.

Before this discussion is completed, one further and most important subject must be considered. Food prices continue high; and at the same time the farm income is decreasing.

The question which naturally arises then is: What is happening to the food dollar?

The Congress has made no exhaustive study of this important question. There is material at hand which can give us insight into the reason for this paradox.

One source of such information is a series of technical reports, prepared by the Department of Agriculture, covering many years and bearing on the costs of food and the dollar-and-cents makeup of these costs.

Another excellent document is a report issued on August 2 of this year by the House Committee on Agriculture under the title "Farm Prices and the Cost of Food."

Both these documents show clearly that the cost of marketing food is rising, that the consumer is paying more while the farmer is receiving less.

A report of the Department of Agriculture, commenting on the increased marketing costs, states:

> This increase resulted from an expansion in the quantity of food marketed, an extension in marketing services per unit of products handled, and advances in costs per unit of labor, plant equipment, mechanical power, supplies, etc. Profits, too, were larger.

The Agricultural Marketing Service of the Department of Agriculture, uses a stable basis for computing the changes in farm-to-retail price spreads. It depends on what it calls a farm-food market basket.

This average farm-food market basket had for the period January–March 1954, a value at retail of $551.23. This was a trifle lower than for the period October–December 1953, when the value of the same market basket was $552.26. However, the cost was higher than in the period 1947–49, which is the period acceptable for comparative purposes by most statistical agencies of the Government.

In the 1947–49 period the farmer received 49 cents from each dollar the consumer spent for the market basket. This figure had dropped to 45 cents in the late 1953 and early 1954 period.

The House committee report states that by June of this year the farmer's share had dropped another penny so that he now receives only 44 cents.

This drop in what the farmer receives has occurred during the same period when the cost of food has been rising. From May to June, for example, the retail cost of food rose one-half percent.

There are reasons for this; but those reasons do not lie in the level of support prices which have been a stabilizing influence and not a method of extracting an unfair share of the consumer's income.

As a matter of fact, even in the first quarter of this year the marketing margin, that is, the spread between what the consumers paid and the farmers received, moved up—being 1 percent higher than a year earlier.

The Agricultural Marketing Service, in reporting on developments of the first quarter of 1954, stated on page 5 of the report:

> Marketing margins for all major commodity groups, except meat products, were wider than in the first quarter of 1953.

Such information as one can elicit from a study of developments over a number of years indicates that, if anything, we are headed in a direction where the farmer's share of the consumer's dollar will go down—and down it will go positively, if such support—such stability as can be provided through the price-support mechanism—is destroyed or substantially weakened.

While the farmer's income is going down, let us see what the Agricultural Marketing Service, the technical branch of the Department of Agriculture, reports with respect to net income for the leading processors of farm products in 1954. I read from page 9 of its report:

Net income (after taxes) in most lines of agricultural processing was larger in 1953 than in 1952, according to data compiled by the National City Bank of New York from financial reports published so far this year (table 2).

I include table 2 from this report, and ask unanimous consent to have it inserted in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Net income of leading corporations processing agricultural products, 1952 and 1953 [1]

Industrial groups	Number of corporations	Reported net income after taxes					
		Total		As percentage of net assets [2]		As percentage of sales	
		1952	1953	1952	1953	1952	1953
		1,000 dollars	*1,000 dollars*	*Percent*	*Percent*	*Percent*	*Percent*
Baking	21	52,769	54,340	12.2	12.0	3.6	3.5
Dairy products	14	63,388	70,519	10.4	11.0	2.1	2.2
Meat packing	16	28,622	56,262	3.5	6.7	.4	.7
Sugar	21	43,238	21,813	8.1	4.0	4.4	2.3
Other food products	80	199,095	227,639	10.0	10.9	3.1	3.3
Tobacco products	23	114,073	132,055	9.2	10.0	3.4	3.9
Cotton goods	36	48,728	57,842	5.8	6.8	2.9	3.6
Woolen goods	10	[3] 7,474	[3] 9,497	3.5	4.6	2.4	3.8
Clothing and apparel	35	15,341	17,378	6.1	6.8	2.6	2.7

[1] Source: The Marketing and Transportation Situation, issued May 13, 1954, by the Agricultural Marketing Service, U. S. Department of Agriculture.
[2] Book net assets at the beginning of the year are based upon the excess of total balance sheet assets over liability.
[3] Deficit.

Compiled from Monthly Letter on Economic Conditions, Government Finance, the National City Bank of New York, April 1953.

Mr. CLEMENTS. Mr. President, another factor to be considered is the number of workers required in the marketing and processing of food. The number of workers engaged in marketing farm-produced food products has gradually increased from 3,400,000 in 1929 to 4,900,000 in 1953, although the number declined slightly during the early 1930's.

I ask unanimous consent to have this tabulation entitled "Estimated Number of Workers and Cost of Labor in Marketing Farm Food Products, 1929–53," inserted at this point in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Estimated number of workers and cost of labor in marketing farm food products, 1929–53* [1]

Year	Number of persons		Labor cost	
	Total	1947–49=100	Total	1947–49=100
	Million	*Percent* [2]	*Billion dollars*	*Percent* [2]
1929	3.4	73	4.5	39
1930	3.4	72	4.4	39
1931	3.2	69	4.0	35
1932	3.1	67	3.4	30
1933	3.1	67	3.2	28
1934	3.4	74	3.6	31
1935	3.4	74	3.7	33
1936	3.5	76	3.9	34
1937	3.7	80	4.4	38
1938	3.7	79	4.5	39
1939	3.7	81	4.5	40
1940	3.9	83	4.8	42
1941	4.0	86	5.2	45
1942	4.1	88	5.7	50
1943	4.0	86	6.1	53
1944	4.0	88	6.7	59
1945	4.2	90	7.4	65

See footnotes at end of table.

TABLE 1.—*Estimated number of workers and cost of labor in marketing farm food products, 1929–53* [1]—Continued

Year	Number of persons		Labor cost	
	Total	1947–49=100	Total	1947–49=100
	Million	*Percent* [2]	*Billion dollars*	*Percent* [2]
1946	4.4	95	8.9	78
1947	4.6	99	10.6	93
1948	4.6	100	11.5	101
1949	4.7	101	12.1	106
1950	4.6	101	12.7	111
1951	4.8	103	13.9	122
1952	4.8	104	14.7	129
1953 [3]	4.9	106	15.5	136

[1] Includes number and compensation of persons engaged in assembling, processing, wholesaling, retailing, and transporting farm food products.
[2] Computed from estimates in 2 decimals.
[3] Preliminary.

Source: The Marketing and Transportation Situation, May 13, 1954, issued by the Agricultural Marketing Service, U. S. Department of Agriculture.

Mr. CLEMENTS. Mr. President, part of the increase in the number of workers is due to the expansion in the volume of food marketed. Since 1929, farm marketings of food products in the United States have increased more than 60 percent. A decrease in the average number of hours worked per week also has contributed to the increase in the number of workers.

In addition to the increasing volume, the task of marketing many farm products has been enlarged during the past quarter of a century by an extension of marketing services. More and more processing, packaging, and other marketing services have been embodied in many of the products marketed.

Although services performed by the marketing system have been extended in many directions, they have been contracted in others, notably by the introduction of self-service and by reductions in delivery service and consumer credit in food retailing. The decrease in the number of retail food stores during the past 25 years also may be regarded as a curtailment of services supplied to consumers, as many consumers no longer have stores as near their homes as formerly.

These changes in services performed by the marketing system illustrate the fact that other factors, as well as the volume of products handled, affect the magnitude of the task accomplished by that system.

Another consideration is the increased cost of labor in the food processing and marketing program as we have been able to raise wages and give a decent standard of living. Average hourly earnings of employees of firms marketing farm products and commodities made from farm products have increased steadily since the end of World War II.

I ask unanimous consent to have the tabulation entitled "Table 2.—Average Hourly Earnings of Employees of Firms Marketing Food, Tobacco, and Textile Products, and Average Hours Worked per Week, 1939 and 1947–53," inserted in the RECORD at this point.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Table 2.—Average hourly earnings of employees of firms marketing food, tobacco, and textile products, and average hours worked per week, 1939 and 1947–53

AVERAGE HOURLY EARNINGS

Year	Food marketing [1]	Tobacco manufactures [2]	Textile-mill products [2]	Apparel and other finished textile products [2]	Retail apparel and accessories stores [2]
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*
1939	0.62	[3] 0.48	[3] 0.46	-------	0.56
1947	1.14	.90	1.04	1.12	1.03
1948	1.24	.95	1.16	1.18	1.08
1949	1.31	.99	1.19	1.17	1.11
1950	1.37	1.07	1.24	1.20	1.12
1951	1.47	1.13	1.33	1.29	1.17
1952	1.55	1.17	1.36	1.30	1.22
1953	1.64	1.24	1.37	1.33	1.26

	Average hours per week				
	Number	Number	Number	Number	Number
1939	42.5	[3] 35.4	[3] 36.6	-------	38.3
1947	42.3	38.9	39.6	36.3	36.9
1948	41.8	38.4	39.2	36.2	36.5
1949	41.2	37.3	37.7	35.8	36.7
1950	40.9	38.1	39.6	36.4	36.5
1951	41.0	38.5	38.8	35.9	36.1
1952	40.7	38.4	39.1	36.5	35.8
1953	40.3	38.1	39.1	36.4	35.4

[1] Weighted composite of earnings and average weekly hours in the manufacture of food and kindred products, steam railways, wholesale trade, and retail food stores, calculated by the Agricultural Marketing Service from data published by the Department of Labor and Interstate Commerce Commission.
[2] Department of Labor.
[3] Not strictly comparable with data for 1947 and later years.

Source: The Marketing and Transportation Situation, issued May 13, 1954, by the Agricultural Marketing Service, U. S. Department of Agriculture.

Mr. CLEMENTS. Mr. President, these facts show that there is a certain rigidity in marketing costs, which simply cannot be overlooked. As I have pointed out, over the past several years almost all costs of performing marketing services have increased. These increases, plus higher local, State, and Federal taxes, have widened the total margin between the farm and retail prices. Changes in marketing margins over a period of time are determined primarily by changes in the costs of all factors in marketing operations. The least rigid and the most flexible factor is farm prices.

It has been found that the cost items in the marketing margin are even more inflexible during a period of deflation than during a period of inflation. They eventually respond to any significant rise in the general price level, but do not always decline as rapidly as purchasing power contracts. The rigidity of these costs prevents substantial reductions in the marketing margin when farm prices fall as a result of weakening demand or increasing supplies.

Since World War I, marketing margins declined substantially only during the periods of severe deflation in 1920-21 and during the early 1930's. Even during these periods, the reduction in margins was slower and considerably smaller than the decline in farm prices.

The Bureau of Agricultural Economics, the forerunner of the Agricultural Marketing Service, reached this significant conclusion in a report issued October 29, 1953, on page 8:

> Probably there are more rigidities in the marketing structure now than ever before. Therefore, substantial declines in the general level of marketing margins do not appear likely in the foreseeable future.

It goes on to discuss some of the significant factors in the long-run outlook and points to the great expansion in processing and marketing services for consumers. If anything, it sees that consumers are likely to demand more marketing services as their incomes rise—that we are not likely to go back to the days that preceded the present system of a wide variety of processed foods in canned, frozen, and other forms, which the housewife appears to prefer.

I am not here to argue against improved marketing or against the costs necessary to keep the food and fiber produced by our farmers flowing to the consumer.

I am only presenting facts which we must face in considering our agriculture program and in trying to arrive at a healthy and prosperous economy.

These facts on the spread in price between the farmer and the consumer are significant, in that they show clearly that it is not the farmer who is causing the rise in the cost of the market basket of the Nation. Less of the dollar spent at the grocery store today goes to the farmer than of the dollar spent a year ago. This is the important fact.

This stands in significance, along with the fact that the cost of the Government's support to agricultural products is a minor matter in the weekly expense of the average family.

This ranks in importance with the fact that the surpluses in storage in our Nation are in most cases a needed reserve against emergency of food or fiber.

These facts all add to but one conclusion. There have been efforts made in the past 2 years to drive a wedge between the farmer and the consumer to make political gain. The objective has been to undermine a farm program which has made ours the best fed country in the world and provided for the farmers of this Nation a fair share of the national income. The result of this is that the consumer is being misled and the farmer is being mistreated.

Mr. President, I strongly support the present farm program and have signed the majority report of the Senate Committee on Agriculture and Forestry, calling for a 1-year extension of support prices for the basic commodities at 90 percent of parity through 1955.

Mr. LENNON. Mr. President, I shall not long detain the Senate, for I believe the important question now before the Senate has been fully and ably debated during the last several days, as well as to a considerable extent in the last several months.

As we discuss this important legislation, I think of my late distinguished colleague, Senator Clyde R. Hoey, of North Carolina. He was a most distinguished member of the Agriculture and Forestry Committee of the Senate. His judgment was always sound. I looked to him for advice and counsel on many things, and particularly in the fields of Government finance and agriculture.

The late Senator Hoey was a supporter of rigid price supports for the basic farm crops at 90 percent of parity. It was my happy privilege to discuss quite frequently these great farm programs and problems with my late and lamented distinguished colleague.

Mr. President, Senator Hoey came from the great cotton-growing section of North Carolina, but his knowledge of agriculture did not stop with cotton. We miss his voice today as we attempt to pass legislation which would be in the best interest of the farmers and of all the other people of our great Nation.

Mr. President, North Carolina ranks first among all the States in the Union in the number of farms. The other Members of this great legislative body may be surprised to learn that fact, but it is a fact that North Carolina has the greatest number of farms of any State in the Union. They are not big farms; they are comparatively small ones—individually owned farms, which are the basis of a fine agricultural economy; farms owned by the people who live on them, and who pass them on from generation to generation.

Mr. President, it is clear that agriculture is the foundation of our economy, and that anything that cripples our agriculture, strikes at the very heart of our people.

For example, North Carolina produces 65 percent of all flue-cured tobacco grown in the United States. In 1953 the United States produced 1,272,000,000 pounds of flue-cured tobacco. Of that amount, North Carolina grew 824 million pounds. North Carolina's production of cotton, corn, and peanuts is almost equally impressive; and, as was brought out during this debate, the percentage of its cash crops subject to price supports is the highest of any State in the United States. I point out that this is true because of the especially large production of flue-cured tobacco by Tarheel farmers.

The tobacco farmers of North Carolina have demonstrated to the world that they can make and have made controls effective. It is admittedly the best managed of all programs, and this has long been recognized by the distinguished Members of the Senate and the other body of the Congress. Today there is no controversy with respect to flue-cured tobacco. Everyone recognizes that price supports at 90 percent of parity will continue on tobacco, and the pending legislation recognizes just that.

At this juncture in my remarks, Mr. President, I desire to pay tribute to the distinguished Members of the Congress for their recognition of the way that North Carolina tobacco farmers, in concert with their neighbors, have developed an effective program which, as I have said, is a model for the world.

Mr. President, I have spent much time since coming to the Senate, and particularly since the death of my colleague, Senator Hoey, in a study of the situation with respect to what is right in the field of agriculture price supports. I have concluded that it is the wisest thing at this time to support rigid 90 percent of parity on basic farm commodities, where production can be controlled at the source. I will vote against the pending Aiken amendment, and I will support the majority views of the Committee on Agriculture and Forestry.

Mr. President, the problem facing American agriculture today faces all of us. This is true, no matter whether we earn our living in the field, the factory, or the office. No one can escape the fact that all America and a large part of the rest of the world rely on the American farmer for their daily bread and also for the fiber they need. From a practical point of view, I do not believe that the American farmer can logically and equitably be asked to forsake a modest measure of protection at a time when so many other facets of our economy are protected to a substantial degree.

I have in mind the protection afforded in such programs as social security, minimum wages, tariffs, if you please, fixed transportation rates, Government subsidies on shipping and air transportation, oil, and mining depletion allowances, and more recently the provisions of the now infamous tax bill.

During the debate on this very important subject, much has been said to the effect that rigid price supports at the level we now have them were put in effect in order to encourage the farmers of America to produce more food and fiber because of our war needs. For many reasons I cannot subscribe to the philosophy offered by those who take that position. One that I recall instantly to mind is the fact that since 1950 industry generally in our great

country has been the beneficiary of what are known as certificates of necessity for accelerated tax amortization.

Mr. President, I have no quarrel with that, because if industry can be encouraged to replenish its plants with new technical methods and new equipment in order to afford a great defense potential, I have no question to raise, and no quarrel with that policy. But it is significant that since 1950, until January of this year, 17,005 certificates had been issued to the great industries of this Nation in order that they might accelerate amortization for tax purposes.

The pamphlet which I hold in my hand, which bears the date of January 22, 1954, was issued by the Office of Defense Mobilization in our Capital City. It indicates that not only have 17,000 certificates of necessity been issued to the industries of America, but that they are being issued rapidly every day. As of January of this year they involve the sum of $27 billion. I do not have the actual figures, but I am told upon very good authority that these great industries, as a potential for our defense in the future, have been granted exceedingly great tax benefits running into the billions of dollars.

It is disturbing to me that our economy has turned toward Washington in recent years on a continued accelerated scale. It is nevertheless a fact, and I cannot in good faith, deny my support to the farmers of North Carolina at a time when I sincerely believe their needs must be considered on the balance of fairness with respect to the other segments of our economy.

Mr. President, I think we must, of necessity, realize that it takes capital and time for a farmer to get into production. This biological and technological lag is another good reason for farm-price protection. During the biological period of farm production there is a great element of chance which the farmer takes.

A few days ago someone said that the farmer was the greatest gambler of all. I believe that question was raised with the distinguished senior Senator from Minnesota [Mr. THYE], and he replied by saying, "No; the farmer of America is not a great gambler. Notwithstanding the elements of chance he cannot be considered a great gambler, but he is the greatest optimist of all time, a person who is willing to believe, and who has believed at all times, that the right proportion of rainfall and sunshine would come, and that he would have a good crop."

During this time of which I have spoken, as has been pointed out so adequately here in this debate, the crops suffer from disease and pests and from the weather. The farmer is, therefore, unable to control his production at a moment's notice, as the farmer's response to any given situation facing agriculture is necessarily a delayed one. I believe that it is necessary to the interest of our country as a whole to provide a floor under agricultural incomes in times of price declines or serious market collapse.

I wonder if we need price supports when we have a shortage of crops due to pest or disease or inclement weather? Under those conditions, the law of supply and demand will certainly take care of the price condition in the free marketplaces for our commodities, with respect to both foodstuffs and fibers. It is when we have a surplus that the farmer needs price supports—and, I think, rigid price supports.

I believe that it is necessary and in the best interest not only of our own farmers, but of our country as a whole, to provide a floor under agricultural incomes in times of price declines or serious market collapse. To do so, I think, assists greatly in stabilizing our entire economy.

I believe also that this fact points out that the farm industry occupies a strategically important place both in the vicious downward spiral of depression and in the process of general recovery shown in the late thirties and early forties.

I assume that for these and many other reasons which have been enumerated here during this debate, that all of us are agreed, more or less, that it is just and proper that the farmer is entitled to some protection. It is the degree that we differ. Full parity prices are prices which give farm production in general the same purchasing power as they had in the base period 1910–14, which was certainly a favorable period for American agriculture. Thus, a bale of cotton or 100 pounds of tobacco at full parity prices today would continue to buy just as much in the way of standard production goods and tools as in the earlier period. Thus the parity price concept has come to be identified in this country by many as simply indicating a fair price for farm products.

Let me hurriedly list a number of reasons, Mr. President, why I am in favor of fixed supports on basic crops, that is, the five basics, at 90 percent rather than a sliding scale, which would let them slip as low as 75 percent. Fixed supports have been a part of our agricultural system for a number of years and have been an important factor in assuring ample supplies at fair prices to consumers here and abroad. I believe they have been successful to progress and stability at a high economic level. For example, the cash farm income of North Carolina was $98,210,000 in 1932 and was $942,169,000 in 1952.

Tobacco, our great crop, in 1952 brought North Carolina farmers $457,228,000, and cotton brought $119,125,000, as compared with—and these are significant figures—only $36,141,000 and $19,773,000, respectively, 20 years earlier.

A great many would say that the increase in tobacco consumption in the form of cigars and cigarettes had a great deal to do with the situation. There are a great many who would say that our great increase in population during that period of time naturally would provide a wider market for cotton.

Suffice it to say that those of us who are in a position to know are certain that price supports have saved the economy of North Carolina, as they have saved the economy of all the other great farm States of the Nation, as well as the general economy. I believe that the stability and economy of the United States as a whole are geared directly to the standard of living of the farmers of America.

There are those who would have us believe that if farm prices were brought down to the level that obtained during the latter part of the 1930 period, the consumers of America would get the benefit.

I should like to be able to subscribe to that philosophy, but a practical illustration which demonstrates that that is not true was given on the floor of the Senate within the past 36 hours when the senior Senator from Minnesota [Mr. THYE] told us about a personal experience—not something he read in a newspaper but something of which he had personal knowledge. He told us about what happened in the early spring when the Secretary of Agriculture reduced the parity prices on milk solids, butterfat, and cheese.

Naturally anyone would have felt that immediately the retail price of raw milk to the retail customers in the great State of Minnesota would go down. Exactly the contrary happened. The men and women who get up in the wee small hours and go out in the dark to the milk barn to milk the cows and send the milk to the big cities of Minnesota had their price reduced by as much as a dollar a hundredweight. However, in the great cities of Minnesota housewives and others paid as much as 1 cent more for a quart of milk during the same period of time.

That, to my mind, is satisfactory evidence that if farm prices are permitted to slide, under the proposed sliding scale of the Department of Agriculture, the savings, if any, will not be passed on to our friends in the great urban centers.

I should be inclined to think seriously about going along with a 75-percent to 90-percent parity program if there were any evidence, or indication, that the savings, if any, which would be made at the expense of the producer, the person through whose sweat and toil the food and fiber of America are made possible, would be passed on to the people who purchased products at the corner grocery stores over the land. However, we have seen a practical illustration that such would not be the case.

While it is certainly unwise to attribute all this progress to 90 percent supports of the five basic commodities, I believe we must recognize the contribution which the 90-percent supports have made. Overall, in spite of all the fuss and fury we have heard, we must recognize the fact that the cost of Government farm price supports has not been high when compared with the cost of Government assistance to industry in general during the past 18 or 20 years.

To substitute sliding for rigid supports at 90 percent of parity would cure few, if any, of the admittedly serious problems of agriculture. I believe this is true because, as I previously indicated, reductions in supply or increases in consumption which would result from lower support levels would be less than negligible.

I fear that prices to producers would merely go lower. Marketing quotas and

acreage allotments would not be avoided at this time. Nor do I believe that flexible supports would significantly expand the export market for our basic crops in the face of the present world supply situation and large accumulated reserves.

While I am on this subject, Mr. President, I would like to point out that the production of flue-cured tobacco in nations other than the United States has been on a great increase. The figures I have for 1953 indicate that 955 million pounds of flue-cured tobacco was grown abroad. That means that 131 million more pounds of flue-cured tobacco were produced abroad than in North Carolina. It indicates vividly to me that these recent trends in tobacco production will soon remove the United States from its dominant position in world tobacco production. I believe we must continue to do all that we can to step up the consumption of American farm production by the hungry peoples of the world. I am gratified to know that accelerated steps have been taken toward this goal.

All sections and all groups in America must of necessity and of right be strong in order to continue the struggle for freedom and for the democratic way of life. I do not wish to sell one group of the American people short at a time when I believe to do so would cause great damage not only to that particular group, but to all parts of our economy.

I believe it would be unwise to erect a building on sliding ground. I also think it would be unwise, certainly at this time, to try to base American agriculture upon sliding supports, because I fear that a drastic downhill slide would slow down to a halt the progress our nation has made.

Mr. MONRONEY. Mr. President, I rise in opposition to the pending amendment offered by the distinguished senior Senator from Vermont [Mr. AIKEN]. This amendment, which would reduce the support levels on the five basic agricultural commodities from 90 percent to 80 percent, would have a very adverse affect on the entire national economy.

Farm income is the indispensible factor in national prosperity. Historically all of our depressions have been farm-led and farm-fed. When farm income slumps, it is only a relatively short time before the national economy is in a tailspin downward to depression levels.

While most of the Nation considers the farm bill only as a benefit to the farmers in stabilizing farm commodity prices and in preventing them from reaching ruinous low levels, to me its greatest function is the stabilization of our national prosperity.

One can check the records of history and find that this primary source of income—the new wealth that comes each year from our farms—is the important factor in determining our Nation's prosperity.

Thus, as we discuss the protection of the farmer today against legislating a lower level of basic farm prices, we are in fact discussing the prosperity of all lines of American business.

It has frequently been said that historically "when the farmer's income goes down $1, the national income shrinks by $7."

I believe this rule to be approximately true. Certainly to our own experience, we have never had continuing prosperity for others when farm income slumps to less than the cost of production of farm commodities.

Certainly, we know that business was good and economic conditions booming during the period between 1910 and 1920 when the average prices received by farmers totaled 104 percent of parity.

Business fell off badly in 1921 when the low of 80 percent of parity was set and recovery by 1925 when the farmers received 95 percent of parity.

Farm prices were slipping badly by 1929, and so did business conditions. Prices received by farmers in 1927 were only 89 percent of parity. In 1930 they were 83 percent. Coming events cast their shadows before, and it was not long before this faltering farm economy brought down the house of cards on other businesses, and we entered the worst depression in our history.

The condition steadily worsened as farm bankruptcy further led the fire of economic disaster. National income dropped from $87.4 billions in 1929 to a mere $39.6 billions by 1933. Farm income in dollars declined from $6 billion in 1929 to a mere $2.6 billion by 1933.

Gradually as farm price supports began to have their effect, and we moved away from 5-cent cotton, 30-cent wheat, and 4-cent hogs—by 1941 the national income had increased by two and one-half times.

It is interesting to note how the national income followed the rising farm income and the improving parity prices received by America's farmers.

The table shows clearly how closely the national income follows the improved condition of farmers through the depression and the post-depression period:

	Percent parity	Net farm income	National income
		Millions	*Millions*
1932	58	$1,898	$41,700
1933	64	2,692	39,600
1934	75	3,776	48,600
1935	88	4,500	56,800
1936	92	5,064	64,700
1937	93	5,095	73,600
1938	77	4,232	67,400
1939	78	4,261	72,500
1940	81	4,298	81,300
1941	92	6,052	103,800
1942	101	8,849	137,100
1943	112	11,540	169,700
1944	108	11,970	183,800
1945	108	12,286	182,700
1946	112	14,193	180,300
1947	115	16,774	198,700
1948	110	15,604	223,500
1949	99	13,593	216,300
1950	100	12,362	240,600
1951	107	14,645	278,400
1952	100	13,499	291,600

Thus, I believe it can readily be seen from this table that in the years when farm prices slump, its effect automatically reduces the national income many times over the farm income loss.

Economic indicators, of course, are subject to challenge and debate, but I believe the evidence throughout our history makes the conclusion indisputable that we can have good times only when the farmers likewise are prosperous.

Federal Reserve figures also indicate the slippage in our national income since 1952 when the present farm price decline is continuing to be felt in the factories and businesses of the Nation.

Thus, when farm income fell by $2 billion in 1953 from the 1952 figure, the fuse was set for an early decline in national income which reached an all-time high of $305 billion for 1953. The effect showed up as this record figure dropped through the year 1954 by $6 billion. During this next 12-month period, farm income also continued to fall by another $1.1 billion.

If these figures, which seem to bear out the indispensable factor of farm prosperity on the national economy, are true, is the insurance of prosperity for all classes—industrial workers, small-business men; yes, even our industrial giants—worth the cost of this insurance? It seems to me that it is blanket insurance, written across the entire face of our economy.

Due, I believe, to intentional misrepresentation by the United States Department of Agriculture, the figures on the cost of this essential price-support program have been grossly misrepresented. The farmers have been charged with every conceivable cost, including many programs necessary to prosecute the war by raising substitute materials for those which could not be shipped in from overseas. These include such losses as flaxseed and linseed oil, hemp and hemp fiber, soybeans, tung oil, and fats and oils from peanuts and from dairy products.

All these war-occasioned additional costs have been lumped in, and in some cases the subsidies paid during the price-control period to stabilize consumer prices have also been dumped in to pyramid the cost of the programs.

It seems to me that the outside legitimate charge for this entire program since its inception in 1933 must, by any reasonable auditor, be placed at $1,374,825,202 as shown by the table included in the committee report.

Of this amount, the basic commodities, which is the heart of the program, have cost this Nation during these 21 fateful years a total of $130,739,501. This amounts to an average over 21 years of recovery and prosperity for all of America of $6,225,000 per year, for protection of the basic crops.

This is the very heart of the program. Cut loose these basic crops, the bellwethers of the farm-price lists and let them slide to bankruptcy levels because of a 5 or 10 percent overproduction in any good crop year, and you invite not only bankrupt levels for these five basics, but disaster for all other farm prices as well.

This insurance of national and farm prosperity—geared indivisibly to these basic crops—has cost less than seven one-hundredths of 1 percent of the total net farm income for all the years from 1933 to 1954.

Even if we consider all of the non-basic crops to include the war-required crops and incentives for replacement of overseas supplies no longer obtainable during the war period, we find the total cost for this same 21-year period would

amount to only seven-tenths of 1 percent of the total net farm income for all of those same years.

Included in this list of nonbasics are such losses as the following:

Designated nonbasics	
Butter	$71,073,709
Cheese	33,433,619
Dried milk	98,588,779
Honey	854,790
Irish potatoes	478,134,189
Tung oil	81,139
Wool	92,156,532

It will be noted that in the loss on these designated nonbasics, which totaled $774,322,747, the Irish potato program consumed 62 percent of this amount.

In the list of other crop support for nonbasics, the losses totaled $469,762,955. The larger losses in this program have been as follows:

Beans	$41,208,301
Eggs	189,621,226
Flaxseed and linseed oil	109,716,324
Grain sorghum	36,148,683
Hemp and hemp fiber	21,459,155
Soybeans	22,503,846

Adding the total losses on the designated nonbasics and on the other nonbasics, the total cost of these programs is $1,244,085,702.

The program at issue in the pending Aiken amendment, which would lower the parity supports under the five basics, has cost only $130,739,501.

It has shown a profit on two of these five:

	Profit.
Cotton	$236,874,617
Tobacco	1,884,565

It has shown losses on 3 of these 5:

	Loss
Corn	$129,737,581
Peanuts	113,697,404
Wheat	125,011,861

Thus, we are really discussing the continuance of this phase of the program and this only in the major issue of "flexible parity" supports. The flexible principle is still in the law for the commodities on which the great losses have occurred, to the extent of 83 percent of the entire cost of the farm program.

Yet, because of the remaining 17 percent of the cost attributable to the support of the basic crops, the Secretary of Agriculture is willing to wreck the cornerstone of farm price stability in order to win a token victory.

Many of us are familiar with the dangers of landslides on a sharp mountain slope. It would seem to me that the mandatory supports of 90 percent on the five basic crops may be compared to the small pines and vegetation that often holds in place the loose and shifting rock and soil on a mountain side.

Remove these small barriers and often the result can be a catastrophic landslide that will carry all structures away beneath the burden of the tons of landslide rock. Leave these small barriers there to hold back the slide and there is a good chance that the land will remain stable.

It seems to me that these bellwethers of the five basics compare to this mountain vegetation. Without them the other farm commodities which they help to protect may be swept away into the chasm. When the leaders of the farm price structure are stable and in no danger of severe decline, other commodities stabilize around them.

I have never known a time when the list of general agricultural commodities could hold firm in price when the prices of wheat, cotton, or corn were tumbling down. Nor have I ever observed a depressed agricultural condition when these leaders were selling at near parity figures.

Certainly many mistakes have been made in our farm price-support program. It has been the result of trial and error—together with compulsion to enter certain programs because of war necessity.

There is little likelihood that we will ever again undertake to support the price of potatoes which cost us for a very few years for 1 commodity nearly 4 times as much as the entire basic support program has cost for 21 years. There is little likelihood that this mistake will be again repeated, and to condemn the entire farm program because of this expenditure which cost the Treasury nearly a half billion dollars would be misrepresentation.

Nor can I feel that the Secretary of Agriculture, Mr. Benson, is confining himself to the facts when he misleads the consumers about the benefits that they will receive under his flexible-parity formula for the basic crops.

At the same time farm income has declined by 13 percent, we have seen consumers paying the highest prices for their living in all our long history. It is admitted that a decline of as much as 20 percent would result in only a reduction of about 3 percent in the prices paid by the consumers. The farmer's share of the price of the consumer's market basket which was 54 percent during the war, has declined to 45 percent at present. The consumers pay the high prices, but the profits go to the processors and middlemen and the farmer takes the loss.

Certainly we have considerable amounts of foodstuffs in storage. But in this time of uncertain world conditions when we totter between cold war and a shooting war with all of its implications of atomic and hydrogen bomb, plus bacterioligical warfare, a stockpile of food, as well as a stockpile of strategic minerals and metals, is not to be looked on as a major calamity. Should war strike, America can feel safer and more secure because we have accumulated these reserves of the most precious war resources a nation can have—food.

The great proportion of this valuable supply of farm goods is storable and if not improperly handled will preserve its food values and its fiber values from 10 to 20 years. The older grains and materials can be moved out for sale and use as the new crops move in and thus an ever-ready stockpile of food and fiber can be maintained against depreciation and spoilage.

Even in the field of perishable commodities, which are not included, of course, in the pending Aiken amendment, these stockpiles can be kept fresh and usable if the Secretary of Agriculture will carry out the mandate of Congress and make these supplies available to human use in the school-lunch program and for assistance to those on the old-age assistance roles of the States.

One bad year of nationwide drought or of pestilence could easily reduce this Nation to disaster. It would seem to me that our inventory of usable and storable food and fiber commodities has a value far exceeding their cost to the Government. To attempt to write off these valuable stores as being worthless—or an unusable burden—is to intentionally mislead the public for political purposes.

In time of disaster or war, these stores could prove more valuable to us than all the gold stored at Fort Knox.

Thus, today, as we consider this vital bill, I hope we will keep the true problem in its proper relation to our security as a nation and to the important farm income has upon the economic well-being of all.

PRESIDENTIAL ORDER ON SECURITY RISKS

Mr. MUNDT. Mr. President, I rise to discuss the pending farm bill, but before doing so I should like to take a minute or two to applaud President Eisenhower and congratulate the Chief Executive on the compelling action which he took in connection with security-risk matters, as reported in the press yesterday. I read as follows from the Washington Evening Star of August 6, 1954:

EISENHOWER ORDERS SPEEDUP IN HANDLING SECURITY RISK CASES

President Eisenhower has acted to speed up the handling of security-risk cases in the Government and assure a double check on them by the National Security Council.

An Executive order he issued late yesterday has the effect of setting a 90-day time limit for judging a security-risk suspect after completion of a full field investigation.

It provides for reports to the National Security Council on actions taken on the investigative reports, with particular attention to any lack of timely action.

The President's action followed withdrawal of proposed legislation by Senator MUNDT, Republican, of South Dakota, to set up a Federal Bureau of Internal Security in the Justice Department to evaluate FBI reports on Government employees and correct action on them

REASON FOR BILL

Senator MUNDT said earlier this week he had introduced a bill because of contentions made during the recent Army-McCarthy hearings, that some department heads had ignored what Senator MCCARTHY called FBI warnings about security risks.

Mr. President, the newspaper story was inaccurate in saying that I had introduced the bill. I had the bill prepared. I had discussed it with Attorney General Brownell, with the Department of Justice, with J. Edgar Hoover, with President Eisenhower, and with a number of other officials. It was ready for introduction, but I did not introduce it because of the fact that I learned that

this action on the part of President Eisenhower was pending.

I wish to say, so that the RECORD may be clear, that in discussing my bill I pointed out the fact that some of the FBI warnings had been ignored, but again the newspaper story is slightly inaccurate, when it implies that I had made any criticism of the Eisenhower administration. I had not, Mr. President. I had pointedly referred to the fact that in both the Alger Hiss case and the Harry Dexter White case the FBI had forwarded full field reports to the appropriate Government officials, and no action had been taken as a consequence of such reports. It was that situation which I was complaining about, and I want it clearly and definitely understood.

I point out that this is an amendment of the President's security order of April 27, 1953.

I submit that this will be one of the most constructive actions in connection with security ever taken by an American President, because for the first time a time limit of 90 days is established, at the end of which it is essential and mandatory that the Cabinet officer or the Secretary or the Department head act one way or the other on the field reports.

Had the new Executive order issued by President Eisenhower been in operation in 1948, situations such as developed in the Alger Hiss and Harry Dexter White cases would not have developed; or, if it had been in operation prior to 1948, our investigations of that year would not have uncovered the evidence they did.

I wish to point out that the order provides that the Civil Service Commission, which under the previous Executive order was required to make a report semiannually, is required under the new Presidential directive to make a report whenever any agency or department is found not to be acting promptly and effectively and with appropriate consideration of FBI reports, and it establishes a 90-day time limit, as I say, for the action to be taken.

I desired to mention that fact, Mr. President because in the welter of news coming out of Washington perhaps it has been neglected in part by some of the persons who study governmental procedures, who may have failed to realize that a very important forward step has been taken by President Eisenhower, which, as it is carried out, I am convinced will eliminate the need for a large percentage of congressional investigations which it has been necessary to hold concerning security cases.

I again congratulate the President and the National Security Council and the Cabinet on their constructive action to protect the security and safety of our country and our way of life against the aggressions of communism.

AGRICULTURAL ACT OF 1954

The Senate resumed the consideration of the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes.

Mr. MUNDT. Mr. President, as I previously stated, I rose to talk about the farm bill. As a member of the Senate Committee on Agriculture and Forestry, I have participated earlier in this debate, but I wish to set forth rather briefly tonight my comments in connection with certain phases of the proposed farm legislation.

I believe it is noteworthy to observe, after the several days of debate which have transpired, that no speaker in authority has yet risen to attack the present farm program on the basis that it is failing to provide the farmer with a price floor enabling him to enjoy another year of comparative farm prosperity. There has been no attack directed at the program based upon the fact that it has failed to do what it was intended to do, so far as supporting the prices of the producers of the basic crops is concerned.

I think that is noteworthy, as we face up to the amendment which would destroy the 90-percent price floor by making it a flexible and faltering floor, ranging from 80 percent to 90 percent.

It seems to me that those who, during the course of the debate, have attacked the extension of the 90-percent price support levels have engaged in 4 basic fictions; and those fictions, I believe, are based on rumors, inadequate studies, and conclusions which are not borne out by the facts.

This afternoon I wish to discuss primarily each of those fictions, and to point out that each is in fact a fable and a fiction, something which is perpetuated by rumor rather than something which is substantiated by fact.

The first of the fictions is that the 90-percent price support levels result in unwarranted costs to the American taxpayers. If that were true, it would be a grievous criticism of the farm support program for the basic crops. However, as has been repeatedly pointed out on the floor during the course of the debate, and as was mentioned today, very recently, by the senior Senator from Louisiana [Mr. ELLENDER], my colleague on the Committee on Agriculture and Forestry, and reiterated by the senior Senator from North Carolina [Mr. LENNON] and the senior Senator from Montana [Mr. MURRAY], the facts, figures, and records simply do not bear out the statement that 90-percent price supports on the basic commodities have in any sense imposed an unwarranted cost upon the American taxpayer.

Over and over again there has been placed in the RECORD the fact that in 20 years of price supports for the basic crops, the cost has been an average of only slightly more than $6 million a year to protect the basic price supports.

Everything in the world is relative. Six million dollars a year is a large sum of money to an individual or a corporation, or perhaps even to a State like South Dakota. But considering the multi-billion-dollar spending program in which the United States is engaged, both at home and abroad, $6 million is not an astronomical figure.

The price support program can be compared with other programs. It can be compared with the cost of $8,500,000 a year to subsidize slick-paper national weekly magazine alone, in order that their publishers may deliver copies of the magazine through the mail at less than it would cost the company if it had to pay the actual cost of mailing, which would return to the post office the expense of delivering the magazines to the publishers' readers and subscribers.

Certainly an elaborate support program which has shored up the farm economy and the national economy should be worth $2 million a year less than it costs to subsidize the sending of a single national magazine through the mails.

So I think the first picture is clear. In terms of cost to the taxpayer, on a comparable basis, relating the cost of the support price program to other costs to which the taxpayer is subjected, I think very few Senators or Representatives will be found who will be willing to destroy or weaken a farm price support program on the basis of cost alone.

Let us consider the second fiction which has crept into the argument—a fiction which I believe is based on rumor. Rumor repeated twice, and even thrice, tends to become authoritative, until someone goes to the record to check the basic or source information. The second fiction is that 90-percent price supports on the basic crops—and that is all that is being considered in the amendment; that is the basis of the controversy in which the Senate is at present engaged—result in high costs to the consumer. The fiction has gone out, and the rumor has been accepted by some, that if the price which the farmer receives is forced below 90 percent of parity, below 90 percent of justice, in some magic way the consumer will find himself very much the beneficiary.

Every fact and figure which can be found belies that argument. Those who support such an argument are unable to find any evidence to justify the belief that the consumer receives material benefits or aid by forcing down the prices which the farmer receives for his products.

In the first place, what is being dealt with is only 45 percent of the food dollar. This is what the farmer receives. The costs are pyramided by the handling and processing of the products.

Many areas may be found in which the farmers' prices are actually being reduced, while the cost to the consumer for the products fabricated from products is steadily increasing. Consequently, I submit that this contention is a fiction, and no Senator should vote for the amendment to supplant the 90-percent price support for basics with an 80 to 90 percent faltering, flexible system, on the assumption that by so doing a direct benefit will be conferred upon the consumer.

Actually, this situation was brought out one day when a witness was being interrogated before the Committee on Agriculture and Forestry with respect to

the cost of wool which goes into the fabrication of a man's suit. The case was finally reduced to figures, and it was admitted by those who made the suits that one could steal or take from a rancher all the wool required to make a man's suit, or give him nothing for it, and still the cost of a man's suit would be $45 to $50. Obviously we are working at the wrong end of the problem when we suggest decreasing farmers' income in order to decrease the cost of the family's market price. If costs are inordinately high, some other way must be found to make savings which will be beneficial to the person who has to pay the costs of merchandise on the shelves or in the grocery stores of America.

There is a third fiction, and that is based on the assumption that, somehow or other, 90 percent price supports for the basic farm crops of America would put the farmer on a preferred basis, or in a preferential status, and give him some kind of special treatment as against the laboring man, the manufacturer, and workers generally in this country.

Again we find that the facts do not bear out that contention. When the facts are reduced to the revealing statistics which come from a study of the arithmetic, the mathematics, and the records which are available, actually it will be found that for the past 15 or 16 years the farmer has been losing ground in our national economy as compared with the industrial worker, the manufacturer, and enterprisers generally. He finds himself with a steadily sliding income in comparison with the costs of things he is compelled to buy. So we can conclude certainly that the farmer, who is struggling along, trying to succeed, needs some kind of consideration by this Congress to keep him from becoming the victim of a program which has permitted his income to drop too sharply and too far.

Personally, I am a believer in free enterprise. I believe in the free enterprise system. However, it seems to me that those who argue that under present circumstances we should single out the farmer to "go it alone" overlook the fact that the Government subsidies and guaranties to other segments of our economy have had a big impact in raising the prices of products the farmer has to buy. Regulated transportation rates, wage rates, interest rates, cost-plus-fixed-fee contracts, taxes, fair trade procedures, and other related matters, culminate in rigid high prices which the farmer must pay. Farm prices must not be permitted to fluctuate dangerously at a time when the prices the farmer must pay for the articles he purchases are rigidly fixed by Government action.

When we consider the fact that while making rapid conversions from peacetime to wartime, and back to peacetime again, the Government increasingly has taken steps to protect labor and industry against excessively sharp declines in income. It is only common justice that the American farmer should receive the same kind of treatment. An extension of our price-support legislation would accord it to him. Such common justice would not result from the adoption of the Aiken amendment, substituting price supports of from 80 to 90 percent on a sliding scale in the place of the assurance which the farmer has had, and to which he is entitled. This program is in the interest of giving the farmer the kind of protection which he is entitled to expect from his Government, and which his associates have received from the Government, whether they work in shops, in mills, on production lines, in banks, in factories, whether they fly planes in the sky for the subsidized aviation industry, or sail ships on the seven seas in a maritime industry subsidized by the same taxpayers, and subsidized more than 10 times as much as the total cost of shoring up prices and reinforcing prices at 90 percent of parity for the 6 basic agricultural commodities.

We are confronted with a fourth fiction and that is that the establishment of a flexible parity formula will in some magic way eliminate the problem of agricultural surpluses. That is an appealing argument; it has an intriguing sound. But like the others, it is based on a false foundation, because we cannot find the facts in the record to substantiate the view that if the price which the farmer receives for a bushel of wheat or corn, or a pound of beef, is reduced, ipso facto, he will reduce his production, there will be no surpluses, and there will be a perfect balance between supply and demand.

The Department of Agriculture publishes facts, statistics, and records to demonstrate exactly what happens under conditions of that kind. Time after time when we consider what has happened in the past 20 to 50 years, when the price of a bushel of corn dropped it will be found that the following year the farmers raised more of that kind of grain. The reason is that farmers need to increase the number of units as the price per unit becomes smaller. The farmers still have fixed charges to meet, families to support and educate, farm machinery to pay for, interest to pay, and taxes to pay. What would anybody who is receiving less for each unit do under those circumstances? He would plow harder, plant more feverishly, and fertilize more, in an attempt to raise a few extra units, so that 10 or 15 times a given price unit can produce for him in income what 8 or 10 normally would produce in terms of income.

The records show that in 1932 the price of wheat reached the all-time low of 38 cents a bushel, farmers nevertheless increased their planted acres the very next year. From 1929 through 1932, each year saw an increased planted acreage of corn, in spite of the fact that the price of corn dropped in each of those years.

From 1929 through 1932 the price of oats suffered annual decreases; yet farmers increased their planted acreage in each of those years.

So we find that if curtailment of agricultural surpluses is the goal, the method certainly is not to try to starve the farmers into submission and into going along with a certain formula. The program at present in operation of providing for acreage control and marketing quotas, regulates surpluses and reduces production, and moves in the direction of a balance between supply and demand.

In addition, Congress enacted many wise and helpful measures this year and last year. The Eisenhower administration has cooperated in enacting many constructive measures involving novel, exciting, adventuresome, and daring methods of dealing with the problem of agricultural surpluses. I congratulate the President, the Department of Agriculture, the administration, and the Congress for working together to meet head on the problem of agricultural surpluses. The way to whip the surplus problem is to utilize our abundant production in an economic way, rather than to pauperize the producers of the products which we have.

The fourth big argument that is used by those who would destroy the present program falls for lack of evidence. Until a better program is developed, the 90-percent support prices should be continued, because the figures which have been compiled fail to bear out the argument of those who would destroy the present program.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table which shows the relationship between planted acreage, prices received by farmers, and retail prices of bread and flour, because those figures have a bearing on the problem facing us.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Wheat—Planted acreage, price received by farmers, and retail price of bread and flour, United States, by years, 1919–53

Crop year	Planted acreage	Average price per bushel received by farmers	Bread, white, per pound [1]	Flour, wheat, per pound [1]
	Thousand acres		*Cents*	*Cents*
1919	77,440	$2.16	10.0	7.2
1920	67,977	1.83	11.5	8.1
1921	67,681	1.03	9.9	5.8
1922	67,163	.966	8.7	5.1
1923	64,590	.926	8.8	4.7
1924	55,706	1.25	8.9	4.9
1925	61,738	1.44	9.3	6.1
1926	60,712	1.22	9.3	6.0
1927	65,661	1.19	9.2	5.5
1928	71,152	.998	8.9	5.3
1929	67,177	1.04	8.8	5.1
1930	67,559	.671	8.6	4.6
1931	66,463	.391	7.7	3.6
1932	66,281	.382	7.0	3.2
1933	69,009	.744	7.1	3.9
1934	64,064	.848	8.3	4.9
1935	69,611	.831	8.3	5.0
1936	73,970	1.02	8.2	4.8
1937	80,814	.962	8.6	4.8
1938	78,981	.562	8.6	4.0
1939	62,802	.691	7.9	3.8
1940	61,820	.682	8.0	4.3
1941	62,707	.944	8.1	4.5
1942	53,000	1.10	8.7	5.3
1943	55,984	1.36	8.9	6.1
1944	66,190	1.41	8.8	6.5
1945	69,192	1.50	8.8	6.4
1946	71,578	1.91	10.4	7.1
1947	78,314	2.29	12.5	9.6
1948	78,345	1.99	13.9	9.8
1949	83,905	1.88	14.0	9.6
1950	71,287	2.00	14.3	9.8
1951	78,048	2.11	15.7	10.4
1952	78,337	2.09	16.0	10.5
1953	[2] 78,741	[2] 2.01	16.4	10.5

[1] Straight calendar year average.
[2] Preliminary.

Source: Agricultural Marketing Service. Compiled from Crop Production, Agricultural Prices, and Bureau of Labor Statistics reports.

Corn—Planted acreage and price received by farmers, United States, by years, 1929–53

Crop year	Planted acreage	Average price per bushel received by farmers
	Thousand acres	
1929	99,130	$0.799
1930	103,915	.598
1931	109,364	.321
1932	113,024	.316
1933	109,830	.520
1934	100,563	.815
1935	99,974	.655
1936	101,959	1.04
1937	97,174	.518
1938	94,473	.486
1939	91,639	.568
1940	88,692	.618
1941	86,837	.751
1942	88,818	.917
1943	94,341	1.12
1944	95,475	1.09
1945	89,261	1.27
1946	88,898	1.56
1947	85,038	2.16
1948	85,522	1.30
1949	86,745	1.25
1950	82,858	1.53
1951	83,283	1.66
1952	82,658	1.52
1953 [1]	81,800	1.45

[1] Preliminary.

Source: Agricultural Marketing Service. Compiled from Crop Production and Agricultural Prices.

Oats—planted acreage and price received by farmers, United States, by years, 1929–53

Crop year	Planted acreage	Average price per bushel received by farmers
	Thousand acres	
1929	40,534	$0.418
1930	42,608	.322
1931	44,483	.213
1932	45,549	.157
1933	43,774	.335
1934	40,467	.481
1935	43,599	.264
1936	41,934	.449
1937	39,827	.302
1938	39,390	.238
1939	38,203	.310
1940	39,315	.303
1941	41,841	.411
1942	43,018	.488
1943	43,467	.722
1944	44,141	.709
1945	46,025	.667
1946	46,515	.809
1947	42,058	1.05
1948	43,838	.723
1949	43,318	.657
1950	45,464	.791
1951	41,682	.823
1952	42,975	.786
1953 [1]	43,765	.734

[1] Preliminary.

Source: Agricultural Marketing Service. Compiled from Crop Production and Agricultural Prices.

Rye—Planted acreage and price received by farmers, United States, by years, 1931–53

Crop year	Planted acreage	Average price per bushel received by farmers
	Thousand acres	
1931	5,345	$0.341
1932	5,401	.280
1933	4,714	.627
1934	5,453	.720
1935	6,210	.398
1936	6,446	.812
1937	7,235	.686
1938	6,654	.338
1939	7,206	.439
1940	5,514	.420
1941	6,142	.542
1942	6,371	.603

Rye—Planted acreage and price received by farmers, United States, by years, 1931–53—Continued

Crop year	Planted acreage	Average price per bushel received by farmers
	Thousand acres	
1943	5,311	$0.982
1944	4,415	1.09
1945	4,157	1.35
1946	3,396	1.92
1947	3,678	2.26
1948	3,725	1.46
1949	3,293	1.21
1950	3,632	1.32
1951	3,579	1.53
1952	3,127	1.73
1953 [1]	3,298	1.19

[1] Preliminary.

Source: Agricultural Marketing Service. Compiled from Crop Production and Agricultural Prices.

Barley—Planted acreage and price received by farmers, United States, by years, 1929–53

Crop year	Planted acreage	Average price per bushel received by farmers
	Thousand acres	
1929	14,703	$0.539
1930	13,581	.405
1931	13,820	.328
1932	14,555	.221
1933	14,200	.434
1934	12,024	.686
1935	13,956	.379
1936	12,837	.782
1937	12,346	.542
1938	12,171	.368
1939	15,513	.405
1940	15,689	.397
1941	15,857	.529
1942	19,686	.632
1943	17,474	.991
1944	14,352	1.02
1945	11,745	1.02
1946	11,467	1.36
1947	11,981	1.70
1948	13,063	1.15
1949	11,032	1.04
1950	13,100	1.18
1951	10,869	1.24
1952	9,385	1.35
1953 [1]	9,482	1.12

[1] Preliminary.

Source: Agricultural Marketing Service. Compiled from Crop Production and Agricultural Prices.

Mr. MUNDT. This table has a direct bearing on the problem facing us.

Mr. President, we must look ahead, in dealing with the agricultural program. Certainly I am not one who says we now have a Utopian program. I do not think the march of human progress ever comes to a dead halt. I do not think the creative thinking of America was turned off when we created the present program. But it is a good program, and has served us well. We know of nothing better in the offing, at the moment. We know of nothing else which can assure us that the American farmer will continue to be prosperous while we study the problems which confront us.

I also wish to call attention to the fact that we are dealing with this farm legislation in a most unusual time. This is approximately the 10th day that we are enjoying world peace for the first time in a quarter of a century. We hope that world peace becomes enduring and permanent. If it does, it will necessitate a great many changes in our economic thinking, in our financing, in the help we give our friends abroad, and in our production patterns and other economic activities here at home. We cannot deduce too much from a 10-day experience of peace, out of a quarter of a century, Mr. President. I think it would be prudent on our part to defer attempting to arrive at too many conclusions in that connection in this highly unusual and unhappily unprecedented era of peace.

Perhaps if we could extend for another year the present program, which we know has worked rather well, we shall then have had some experience upon which to base some new thoughts and new ideas, and upon which to start when we come to evolving a new farm program.

Mr. President, I suspect that ultimately our new farm program must evolve in such a way as to meet the specific problems in connection with specific crops. We have already started in that connection. We now have suitable programs for the protection of tobacco, sugar, and rice. In that connection, our machinery has been developed rather well. We saw brilliant and courageous action taken by the President and the Department of Agriculture to turn back the serious drop in livestock prices which confronted us about a year ago, as a result of drought, the consequent reduction in the size of the herds, the change from a controlled to an uncontrolled economy, the elimination of the OPS, and various other changes. During all that period we saw the administration and Congress working together with programs of loans, purchasing, slaughtering, shipping hay, and shifting cattle. We saw the drop in cattle prices stopped.

Mr. President, we have had a comparatively prosperous livestock industry. The machinery has been set to work again. If, unhappily, there should be another drop in livestock prices, we have assurances from the Department of Agriculture, the Department of Defense, and the Director of the Foreign Operatons Administration, that they are ready to go into the market at the first sign of a serious drop in livestock prices, and purchase cattle and work out the problem—thus evolving a rather satisfactory program for the livestock industry, and a program which does not provide floors under the prices of livestock. Of course, attempts to provide floors under the prices of livestock were opposed by both Secretary Brannan and Secretary Benson.

We find that section 32 funds have been satisfactorily employed and have buttressed the income of our fruit and vegetable farmers. The Senator from Florida [Mr. HOLLAND] informs us that the Florida growers are happy. They are not concerned about having the 90 percent program extended. Section 32 funds have worked satisfactorily for them, and that is good.

Just a few of our crops are in serious difficulties. For our basic crops, we have no suitable alternative for the 90 percent price floor. Our dairy industry cannot be permitted to struggle, stumble, and succumb. We have found no satisfactory answer to that problem. But providing them with a decent and responsible price floor will enable them to continue to struggle with the problem; and

we can find an answer to it, just as we found one to the problem facing the sugar growers, the tobacco raisers, and other segments of our agriculture which now are pleasingly removed from the hazards of an immediate farm problem.

So, Mr. President, I submit that our basic crops, our dairy industry, and our poultry business continue to present problems in the overall farm picture. We shall have to work out some solutions. We shall have to continue to struggle with the problems.

In my own opinion, given another year, the excitingly new adventures in the disposal abroad of our surplus farm products will go a long way toward solving the surplus problem, and may in fact justify a permanent continuation of the 90 percent price support program for basic crops. In fact, they may go further than that, and may justify increasing beyond 90 percent that price support program.

After all, Mr. President, 90 percent is not 100 percent. If you, Mr. President, were fishing from a rowboat in one of the wonderful lakes of Minnesota, of which there are more than 10,000, as will be testified by the distinguished senior Senator from Minnesota [Mr. THYE], who now is presiding over the Senate, and if your companion fell from the boat, and was in need of help, if you threw him a 9-foot length of rope when he was 10 feet away from the boat, you would not help him very much. Similarly, if you threw him a rope 8 feet 2½ inches long, while he was still 10 feet away from the boat, you would not help him very much. What he would need in that case would be 100 percent of 10 feet of rope.

But, Mr. President, the sturdy people of the farm belt, inhabitating Minnesota, South Dakota, and that area of the Nation, have a great deal of initiative and a great deal of drive, determination, and enthusiasm; and we suspect that if we can throw them a rope 9 feet long, perhaps they can stretch out far enough to reach across the extra foot, and reach the end of the rope, and be able to get along.

On the other hand, if we attempt to make the rope shorter than that, we shall be jeopardizing the economic life of the farmer.

Mr. President, I believe the surplus-disposal program has tremendous possibilities.

Earlier in the debate it has been said that the surplus disposal program may well take care of our surplus agricultural commodity situation entirely, and may well provide a new economic method of utilizing our surplus farm products and of bringing to this country services and materials and other products that we need—products, services, and materials which are not competitive with our own, and which it is possible for us to obtain from abroad. I hope every American who reads this debate will read Public Law 480, chapter 469, of the 83d Congress, 2d session, growing out of Senate bill 2475, entitled "An act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes." It was my happy privilege to join with the Senator from New Mexico, the former Secretary of Agriculture [Mr. ANDERSON], in introducing the initial version of that measure. When it was introduced that day on the floor of the Senate, approximately 15 or 17 of our colleagues associated themselves with us in sponsoring the bill. The bill was then referred to, and was considered by, the Senate Committee on Agriculture and Forestry, where hearings were held, and testimony from representatives of various farm organizations was taken, and the bill was revised and rewritten, and finally was reported by the committee as a committee product, Senate bill 2475, setting up for the first time in the United States a concept regarding surplus agricultural commodities which says, "They are a blessing; they are a treasure; they are something eminently worthwhile, that we can use to purchase air strips, harbors, housing projects, factories, planes, metals, and other products from other countries; and we can also use these surplus agricultural commodities to purchase services abroad. They are not a liability to worry about."

Mr. President, the way to solve the farm problem is not to worry because we have a little extra wheat on some ships anchored in the Hudson River. The way to solve the farm problem is to utilize the machinery we now have to send that surplus to places such as Spain, where we have found we can purchase from the Spaniards airbases vital to our national defense and security, and can pay for them in golden wheat, instead of golden ore.

I am happy to say that, as the Senator from Minnesota [Mr. THYE] who now occupies the chair, well knows, and as the distinguished Senator from Massachusetts [Mr. SALTONSTALL] who sits in the chair of the majority leader, well knows, the other day our Appropriations Committee, at the instance of, and in response to the persuasive rhetoric of the senior Senator from Nevada [Mr. MCCARRAN], recommended the appropriation of $50 million extra for economic aid to Spain, and it was passed with an amendment which I suggested at the time, and which was sponsored by three of us. It is all right to give Spain economic aid; they are our friends; but let us give it to them in surplus agricultural commodities.

It was agreed that that should be done; and that out of the mutual-aid funds there should be paid back to the Commodity Credit Corporation the $54 million in extra economic aid so that it would not be charged off as a part of the farm program, but would be charged off as a part of the mutual-aid program, as it should be.

The good people of Spain certainly are as glad to get wheat, bread, grains, and other products from this country as they would be to get the money which, in turn, they would have to spend for such products.

If we concentrate on that problem in this year, and obtain an extension of the present price-support program so as to give ourselves an opportunity to see what can be done about surpluses while, at the same time, giving our farmers the assurance that what they raise will be purchased at a price which will enable them to maintain a level of prosperity, it may well be that we shall not need as many innovations in the farm program as some now think. If we do need innovations we can achieve them through evolution and study.

I should like to insert in the RECORD at this point, Mr. President, an index of prices received by farmers as related to the costs of food to the consumer, the cost of transportation, and the general consumer's price level. This information is taken from the Department of Labor, and has a bearing on the fact that the price the farmer receives is not necessarily related to an increased price paid by the consumer.

There being no objection, the index was ordered to be printed in the RECORD, as follows:

Index of price received by farmers as related to the cost of food to the consumer, the cost of transportation and the general consumer price level

	Farm products	Transportation	Consumer prices	Food prices
1951 monthly average	113.4	118.4	111.0	112.6
1952 monthly average	107.0	126.2	113.5	114.6
1953 monthly average	97.0	129.7	114.4	112.8
1954—January average	97.8	130.5	115.2	113.1
February average	97.7	129.4	115.0	112.6
March average	98.4	129.0	114.8	112.1
April average	99.4	129.1	114.6	112.4

1947–49=100.

Source: Department of Labor.

Mr. MUNDT. Mr. President, I have another table which I would like to insert at this point, which deals with the net farm income compared to farm expenses and average weekly wages of workers in the manufacturing industries.

I think this is a pretty clear-cut answer to those who may feel that in some way or other the farmer is being singled out for preferential treatment. If he is, it is the wrong kind of preferential treatment. He is singled out because he has not had the steady rise in income that has gone to the laboring man and to those in factories, in the publishing business, and in other areas.

This table comes from the Bureau of Agricultural Economics, Farm Credit Administration, and from the Bureau of Labor Statistics, and is compiled from

those sources. I should like to have the table inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Net farm income compared to farm expenses and average weekly wages of workers in the manufacturing industries

	Realized net income of farm operators (millions)	Prices paid by farmers 1910–14=100	Manufacturing industry average weekly wages	Taxes per acre index 1909–13=100	Interest rates Federal land banks (percent)
1946	$14,193	197	43.82	237	4.00
1947	16,774	230	49.97	276	4.00
1948	15,604	250	54.14	298	4.02
1949	13,593	240	54.92	320	4.08
1950	12,362	246	59.33	335	4.08
1951	14,645	271	64.88	353	4.11
1952	13,499	273	----------	371	4.17

Source: Bureau of Agriculture Economics, Farm Credit Administration, Bureau of Labor Statistics.

Mr. MUNDT. I have another table, Mr. President, which I have compiled from the Survey of Current Business dated July 1954. It shows the prices received by farmers, the prices paid by farmers, and the parity ratio. It points out that the farmer is not moving upward and forward in his relationship as we hoped he would, but has reached a point where we need to prop up his prices and maintain them under our present legislation, if the discrepancy existing between him and his friends and neighbors in the city is not to grow worse. I ask unanimous consent to place that table in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Prices received and paid by farmers

	Prices received by farmers	Prices paid by farmers	Parity ratio
1953—May	263	263	94
June	257	260	93
July	260	261	93
August	255	262	91
September	257	259	93
October	249	258	90
November	249	259	90
December	254	260	91
1954—January	259	263	92
February	258	264	91
March	256	264	90
April	257	265	91
May	258	267	91

1910–14=100.

Source: Survey of Current Business, July 1954.

Mr. MUNDT. Mr. President, I expect to have something further to say on the subject of the Aiken amendment and other phases of the pending farm bill during the course of the debate on Monday and early next week. I do not desire to detain the Senate further at this time.

I conclude by stating that it is extremely important, it seems to me, for Senators to think over the debate which has taken place thus far, read the debate in the CONGRESSIONAL RECORD over Sunday, and prepare to come to the Senate on Monday to cast their votes on this very important issue. I ask Senators to keep in mind that all those of us representing the majority viewpoint in the Senate Committee on Agriculture and Forestry, those of us who wrote and prepared the bill, those of us who are resisting the amendment to substitute the 80- to 90-percent sliding formula for the extension of the 90-percent price supports for another year, are asking is that at a time when in addition to the kind of criticism that has been leveled against the farmer, we find many other segments of our economy receiving considerations, subsidies, price props, and guarantees, and assurances from the Government, the farmer, the producer of raw wealth, a fabricator of the basic products in our whole economy, shall not be singled out and told, "Sucker, you go it alone. You have no union of any kind; you have no bargaining agent of any kind. You have no wage-hour contract of any kind. You have no minimum-wage law of any kind. You have no fixed interest rate of any kind. Go ahead and try it out alone, and if you survive, we shall probably expand the experiment into the field of labor, into the maritime industry, or into the aviation industry."

Perhaps we shall let the railroads compete with one another by reducing the cost of transporting the farmer's product to the farm instead of maintaining it with an Interstate Commerce Commisson regulation at a high rate; but we will try it out on the farmer.

Mr. President, the farmer raises guinea pigs, but he does not like to be one. He prefers, if possible, to walk down the great economic avenues of this country hand in hand with his cousins in the city, those who labor in the shop, and those in the front office who receive good salaries.

If it is good for the farmer to start the three great independent fife and drum corps men marching all over again, with the old flag flying above and every one walking in step toward a completely free and unrestricted economy, it is good for the man in the shop, and the man in town. The farmer will be glad to walk at the flank to the left or to the right, or in the center, if they can all walk down the economic avenue together. But he does not like to be the breastworks all the time.

The farmer does not like to be out in front all the time. He does not like to be an animated experimental laboratory. I think he is entitled to the same kind of consideration and protection that we seem to feel are essential in other industries. How in heaven's name can anyone justify giving to the publisher of a single magazine in this country $2 million a year more than we give to all the 30 million farmers in support of their basic commodities? I should like to hear some Senator eloquent enough to convince his colleagues of the justice of that.

Why do we select one lone publisher and give him more than we give all the farmers in support of all the basic commodities for an entire 12-month period?

I am not here to rant and rave against the fact that this particular publishing family gets this rich bonanza. I simply point out the gross inequality and the iniquity of saying that it is bad for the farmer to get $6½ million a year insurance against disaster, insurance against impoverishment, insurance that he will have an opportunity to succeed, without even mentioning the fact that the magazine criticizes the farmer for getting his $6½ million; but no one points out the fact that the publisher is doing something which should merit criticism. It is not my purpose to criticize the magazine, the publisher, the publishing business, or the subsidy, but it is my purpose to point out that there should be some reason, some rationality, and some relationship in the method by which the Government moves in to help its citizens or its industries.

Secondly, accepting, as we do, the other aids, props, and guaranties for other segments of labor and industry, I urge my colleagues, when they vote on Monday, to give the farmer another year's extension of 90 percent of parity—not 100 percent this time, but 90 percent—so that during the ensuing year we can develop experience tables which will help evolve programs and permit us to determine what next is best to be done to assure continuing farm prosperity in America.

AN APPRAISAL OF THE NATION'S AIRPOWER PROGRAM

Mr. SALTONSTALL. Mr. President, I wish to speak at this time on another subject, which has been on our minds for some time.

Recent events in the Far East underscore the necessity for steady nerves and the long view if the United States is to maintain effectively its position as leader of the free world. Fundamental to our ability to adopt such an attitude and to hold it with firmness and confidence is public understanding of where we are and whither we are going. In no field is this more true than that of our national defense. Within that field, public understanding is nowhere more important than with respect to the rate and direction of build-up of the Nation's airpower program. Now that the Defense Department appropriation bill for the fiscal year 1955 has been enacted into law, I believe the time opportune for a calm and objective appraisal of the present status and future prospects of that program.

Just about a year ago, in connection with the Senate debate on the fiscal year

1954 Defense Department appropriation bill, I took the floor to present my views on the administration's air program. There had been much public discussion at that time of the difference between the Air Force budget proposed by President Truman and that proposed by President Eisenhower. Now, a year later, although criticism of the administration's air program appears to have subsided, major differences in viewpoint still exist.

Last year I said, "Let me first state just as emphatically as I can state it that I am first and foremost for a strong Air Force, an Air Force both offensively and defensibly that can protect and maintain our national security." Events of the last year have strengthened this conviction. That is why I welcome informed public discussion of the Nation's airpower policies. That is why I have listened very carefully and attentively to the remarks of my colleagues in the Senate on this subject, and to the testimony of Defense Department officials before the Senate Armed Services Committee and the Senate Appropriations Committee.

At no time in the history of this country has the problem of military policy been of more direct concern to the average citizen than it is now. All of us, both individually and collectively, have a very vital stake in the successful solution of this policy problem. This is the time for calm and objective discussion, for clear thinking and for considered judgment. Partisanship in national defense should always be avoided. Partisanship is not my purpose in these remarks.

The most important element in national defense at this time is airpower. This has been recognized by both military and civilian leaders concerned with our national security. President Eisenhower, in his message transmitting the fiscal year 1955 budget to the Congress, stated very clearly that this budget "points toward the creation, maintenance, and full exploitation of modern airpower. Our military planners and those of the other nations of the free world agree as to the importance of airpower." Admiral Radford, Chairman of the Joint Chiefs of Staff, said in his statement explaining the New Look:

> Today there is no argument among military planners as to the importance of airpower. Offensively, defensively, and in support of other forces, it is a primary requirement. Its strength continues to grow, both through increases in combat air units and through better equipment.

I do not believe there is any real disagreement in this country as to our airpower objectives. The differences between the proponents and opponents of the administration's air program appear to lie in the manner in which it is proposed to attain these objectives.

Last year the basic difference was how much money should be appropriated for fiscal year 1954 to meet the needs of the program, based on how much money could wisely be placed under contract. The ultimate size of the Air Force was not the issue, since the 120-wing program was specifically stated to be an interim goal pending a reappraisal of the entire military situation by the newly appointed Joint Chiefs of Staff.

This reappraisal was completed in December of 1953 and the new airpower goals unanimously recommended by the Joint Chiefs of Staff were incorporated in the fiscal year 1955 budget. What are these new airpower goals and how well do they provide for the defense of the United States and for our role in the collective defense of the free world?

The new airpower program provides for a steady buildup of the Air Force to 137 wings by June 30, 1957, together with necessary support units, both flying and nonflying. It also provides for the continued modernization of our 16 Navy carrier air groups, 15 Navy carrier antisubmarine warfare squadrons, 34 patrol aircraft squadrons, 4 airship and 4 helicopter antisubmarine warfare squadrons, and 3 marine air wings, together with their appropriate support elements. It further provides for the continued rebuilding of the reserve components of all three of these elements of our airpower.

All too often in the discussion of national airpower, Naval and Marine aviation are overlooked and ignored, yet in terms of active aircraft our Naval and Marine aviation represent more than one-third of our total airpower. Many people would be surprised to learn that as late as June 30, 1953, Naval and Marine aviation operated about the same number of fighter-type aircraft as the Air Force. Admiral Radford in his statement before the Senate Appropriations Committee on March 15, put the matter very well when he said:

> Some people do not fully comprehend the true magnitude of today's United States national airpower, and I would like to state unequivocally that it is superior to that of any other nation. Furthermore, the United States has so developed certain segments of its airpower as to achieve a strategic air force and a naval carrier striking force which are without peer in this world.

In all, the new air program provides for a total of almost 40,000 Air Force and Navy active aircraft, an increase of approximately 6,000 over the number on hand at this time. The new program also provides for the continued modernization of this aircraft inventory so that by the end of fiscal year 1957 the entire force will have reached a very high level of modernization.

The new air program also places increased emphasis on continental defense. In this connection there appears to be some misunderstanding as to the nature of the 137-wing Air Force program. I have heard it said that in terms of combat wings this program is just the same as the earlier 143-wing program. This is not the case. The number of combat wings is the same, but the composition of the force has been significantly altered. The number of air defense wings has been substantially increased in the new program, and the capabilities of our bomber and tactical wings vastly increased by the availabilities of new weapons.

The increased emphasis on air defense does not end with this increase in the number of air defense wings. Major improvements are being made, and will continue to be made, in our radar defense, on the ground, in the air, and at sea. Not only will the size and scope of our radar defense and early warning system be expanded but the quality and effectiveness of the equipment will be vastly improved as new devices are integrated into this system. All three of the services have an important part in this vital mission. To coordinate this joint effort, a new continental air defense command has just been announced.

As I have stated, the new air program provides for a steady increase in the size and capability of the Air Force. The rate of buildup is slower than that claimed but not achieved for the original 143-wing program, but it is a rate which is reasonably sure of attainment, one that can be accomplished without reducing the combat readiness of the force in the process, one that can be accomplished efficiently and economically, and one that will enable us to maintain a strong aircraft manufacturing industry. I might say parenthetically that if the Air Force has the capability to attain its goal more rapidly, it has every possibility to do so. Certainly funds are not the limiting factor.

The issue has been raised as to whether the proposed rate of buildup is fast enough in the light of the existing threat to our national security. This is a matter of military judgment. The completion date for the 137-wing Air Force was unanimously recommended by the Joint Chiefs of Staff and was approved by President Eisenhower. There are some persons with extensive experience in military affairs who nevertheless feel that the buildup is not fast enough; who feel that if necessary we should push the program on a crash basis regardless of cost, regardless of efficiency, and regardless of the effect on our mobilization base.

This difference in viewpoint is essentially the difference between the long-pull concept and the former D-day or year-of-crisis concept. The Joint Chiefs of Staff, the National Security Council, and the President have decided to gear the military program for the long pull. Since it is impossible to forecast precisely the year and the amount of maximum military danger, it was decided to provide a sturdy military posture which could be maintained indefinitely over an extended period of cold war. As I have said, this is a matter of military judgment, and having heard the arguments pro and con, I take my position with the Joint Chiefs of Staff, the National Security Council, and the President.

Aside from the question of military judgment, the long-pull concept appears to me to have great advantages over the year-of-crisis concept represented by the original 143-wing Air Force program. It is not generally realized how big and how rapid a buildup the original 143-wing program called for. The program presented to the Congress in January and February 1952 called for the activation, manning, basing, and equipping of 96 combat wings by June 30, 1953; 120 combat wings by June 30, 1954; and the full 126 combat wings by June 30, 1955. These combat wings comprise the

bomber, fighter, and combat reconnaissance elements of the Air Force. The 143-wing program, of course, also included 17 troop carrier wings. All 126 combat wings were to be fully manned, equipped, and properly based by June 30, 1955, and fully modernized by December 31, 1955. During the same period of time the Air Force was to have rebuilt its Reserve forces from practically nothing to a total of 57 wings plus a variety of support units.

In the very first year of the program, the Air Force buildup fell short by six combat wings. Instead of 96 combat wings, the Air Force had only 90; and of these, 8 were reported as having a very low degree of combat capability because of extreme shortages of aircraft, other equipment, personnel, and/or facilities.

When the Air Force came before the Congress last year, the 143-wing program reflected in the Truman budget had already been slowed down. Instead of 120 combat wings by June 30, 1954, the revised program called for 116. The Air Force had already recognized by the time that it could not meet the original buildup schedule and had cut the June 30, 1954, goal by 4 combat wings. But this left a total of 26 new combat wings to be activated, manned, equipped, and based in fiscal year 1954, plus some twenty-odd combat wings of the existing 90 to be converted to new equipment and the manning and equipping of the 8 combat wings carried over from fiscal year 1953 to be completed. In addition, the rebuilding of the Air Force Reserve and the Air National Guard was to be continued at an accelerated rate.

It is difficult for the layman to grasp the magnitude of the task represented by these few simple numbers and facts. In an effort to provide some basis for comparison, it may be useful to review briefly the actual experience of the Air Force during the fiscal years 1951 through 1953.

The Air Force had in being on June 30, 1950, 42 operational combat wings in the regular Air Force and 32 combat wings in the Air National Guard and the Air Reserve. One year later the regular Air Force had 72 combat wings in being and the Air National Guard and Air Reserve only 5. In effect, the 30-wing buildup during fiscal year 1951 was almost completely at the expense of the Reserve components. The resources of the Reserve units, both men and materiel, were absorbed by the regular Air Force and reflected in the 30-wing increase. But this was a one-time gain. The next year, fiscal year 1952, the Air Force gained only 8 combat wings, and in fiscal year 1953, the third year of the Korean buildup, it gained only 10 more, making a total of 90 combat wings on June 30, 1953. Of these 90, as I have said before, 8 had little or no combat capability.

It may be argued that the Air Force during the entire 3-year period was engaged in active combat operations in Korea. This no doubt had some bearing on the slow rate of buildup during that period, but only to a limited degree. Combat losses of modern, as distinguished from older types, aircraft during the entire Korean war were quite nominal. The fact remains that a large part of the 126 combat wing buildup still remained to be accomplished at the beginning of fiscal year 1954.

One very important aspect often overlooked in the discussion of the original 143-wing Air Force program is the effect of the projected rapid buildup on the combat effectiveness of the force as a whole. The activation, manning, equipping, and training of a new wing or the conversion of an existing wing to entirely new equipment requires a tremendous effort and a considerable period of time before the newly activated or newly converted wing is brought to a level of full combat effectiveness.

It may not be generally realized that a new wing cannot be activated entirely with new people. A cadre of trained personnel must be detached from an existing wing to provide the nucleus around which the new wing can be organized, equipped, and trained. The withdrawal of these trained cadres from existing wings unavoidably reduces the combat effectiveness of those wings. The wing from which the trained cadre is detached then requires a period of time to rebuild it before it can regain full combat effectiveness. We have been told by the Air Force that 8 to 13 months are required, on the average, from the time a new wing is activated to the time when it achieves full combat readiness. It can readily be seen that the activation of 26 new wings in a single year, in itself, would have had a major effect on the combat effectiveness of the existing wings.

It is perhaps even less well known that the conversion of an existing wing such as a B-50 or a B-29 wing to radically new equipment such as the B-47 aircraft completely eliminates the combat effectiveness of that wing for a period of 3 to 6 months and that it requires 6 to 9 months or longer for that wing to regain full combat readiness. When the conversion is started, the wing has to be grounded. The mechanics are sent to the technical training command to be retrained to the new equipment. The engine mechanics obviously must undergo extensive retraining but so do the electronics personnel. The electronics system of the B-47 is much more extensive and complicated than that of the B-29 and B-50. I am relating this fact simply to provide some indication of the magnitude of the task involved.

At the same time, the air crews must also be retrained to fly the new airplane. The B-47 is radically different from the B-50 or B-29 and the familiarization training required is quite extensive. Then, too, the B-47 takes a much smaller crew than the reciprocating-engine medium bomber. This means that each of the 3 men in a B-47 crew must master a wider range of knowledge and skill. All of this takes time and during that time the wing being converted to new equipment has little or no combat effectiveness.

As the retrained personnel are brought together again with their new equipment, unit training is commenced. Several months of such training are required before the wing is again an operational and combat-effective unit.

It is entirely improbable that the Air Force could have activated, manned, equipped and trained 26 new combat wings and converted to entirely new equipment some twenty-odd existing combat wings all in a single year. If the attempt had been made, it would have seriously reduced the overall combat effectiveness of the Air Force.

The new 137-wing Air Force program minimizes this threat to the current readiness of the force. In terms of combat wings, the new program provides for a steady buildup of some 8 to 10 combat wings each year, fiscal years 1954 through 1957. This is a rate of buildup which experience indicates is reasonably attainable without causing an imbalance in the Air Force program and without diluting the combat effectiveness of the existing force. This realistic rate of buildup will permit the Air Force to properly man, train, equip, and base the new wings as they are activated, and to increase its combat effectiveness concurrently with the increase in number of wings.

Another distinct advantage of the new Air Force program over the old is that it places the emphasis on quality rather than mere quantity. The presently planned rate of buildup reduces the pressure for numbers. It reduces the pressure on the Air Force to accept equipment with less than the desired performance characteristics. It provides time for the orderly development, testing, production, and integration into the force of the latest and most advanced types of equipment. It should do much to eliminate the endless rounds of modification of equipment after it is delivered to the Air Force and the extra costs and delays resulting therefrom.

Those of us in this Chamber who have been intimately concerned with airpower problems and programs during the last 3 or 4 years will immediately recognize the value of the benefits promised by this new approach. For years we have been faced with disappointments, with slippages, production problems, delays, and with requests for more funds for projects the cost of which far exceeded the original estimates. We have appropriated literally billions of dollars over the last 5 years for engineering changes to equipment still in production and for modification of equipment already delivered to the services.

I do not say this simply to criticize. I am well aware that the situation today is quite different from what it was 3 or 4 years ago; that our military posture is now much stronger than it was in the summer of 1950. But I do want to say in the most emphatic manner possible, that the time was ripe for a drastic change in our approach to the problem of building our airpower. Now that we have achieved national airpower which the Chairman of the Joint Chiefs of Staff states unequivocally is superior to that of any other nation, there is less urgency to rush the completion of our planned buildup on a crash basis, regardless of the effect on the quality of our airpower.

This leads me to the third advantage of the new Air Force program as compared with the old. The rate of build-up projected in the 137-wing program should be attainable without extraordinary actions or improvisations. Economy and efficiency need no longer be sacrificed for speed. The Air Force can now conduct its affairs in an orderly businesslike manner with due consideration for costs. Program elements can be kept in balance—activations, aircraft deliveries, personnel procurement, personnel training, base construction, and so forth. Slippages in individual elements of the program can be absorbed without significant delay to the program as a whole.

The Air Force, in the last year, has been energetically putting its house in order, examining its inventories and disposing of those items which are obsolete or excess to its foreseeable needs, as are the Army and Navy. This task is long overdue.

In the procurement area, the Air Force can now do its contracting on a businesslike basis. Negotiations can be completed before contracts are let and moneys obligated. This should enable Air Force buyers to obtain better deals for the Government. It will also assure that all the terms of the contract are worked out before the Government is obligated, and specifications are available before contracts are signed and production is started.

There is one more important advantage in the new program which I would like to talk about before I leave the subject. The rate of build-up projected in the 137-wing program has permitted an extensive revision of the aircraft procurement program. It has permitted the Air Force to give attention to manufacturers' capabilities to produce new jet aircraft and to the very difficult problem of sustaining a vigorous aircraft manufacturing industry. Had the original 143-wing Air Force program been possible, an early production peak followed by a sudden and drastic reduction in aircraft production, to the point of practically closing down the industry, could not have been avoided. Under the new program, the peak has been leveled out. Both the industry and the Air Force now have programs, projected well into the future, which provide for an orderly transition from build-up rates of production to sustaining rates of production. It will preserve an industrial base capable of meeting the contingencies of the future.

The maintenance of a steady level of aircraft production is important under any conditions, but it is crucial when our military plans are focused on the long pull. In these circumstances, we cannot tolerate sharp expansions and contractions in the aircraft manufacturing industry since we may have to call on it for all-out production at any time during a long period of uneasy peace. I need not stress the fact that by so stabilizing the aircraft manufacturing industry we are laying the foundation for efficient production and decreasing costs to the Government.

To sum up: Our new airpower program calls for building solidly every step of the way; for a progressive increase not only in the number of wings but in the combat effectiveness of the force as well; for quality rather than mere quantity; and for an orderly progression which will facilitate the economical and efficient management of the program. It also provides a much firmer foundation on which to expand or accelerate our airpower programs should this become necessary in the immediate or more distant future.

In the case of the Navy, although there has been no increase in the number of carrier air groups and antisubmarine warfare, patrol, and helicopter squadrons during the last 2 fiscal years, there has been an increase of 25 percent in the number of planes on hand with these units. Also, in the 3 Marine air wings during the same period the number of combat planes on hand has increased 40 percent.

Parallel with the modernization and reequipping of combat units with higher performance type aircraft, the Navy and the Marine Corps have made great progress in increasing the effectiveness of other units, such as the integration of helicopters into antisubmarine warfare forces, and forces for amphibious assault operating from Navy aircraft carriers.

Several large Navy aircraft carriers have been modernized for more effective antisubmarine warfare, fast convoy escort, and close air support tasks. These aircraft carriers provide, by virtue of their speed and size, a more effective antisubmarine weapon than the light-escort class carrier that they replace. Incorporating the angle, or canted deck, improved higher capacity catapulting, and stronger plane arresting equipment, they have a capability of operating the newer types of antisubmarine warfare aircraft. More recently, a new carrier conversion program was initiated to incorporate steam catapults and increased elevator capacity. By using the angle deck for aircraft carriers, the capacity of the ship for handling aircraft on and off the flying deck is approximately doubled. The angle deck development will also make possible savings of $3 million in the construction cost for each new carrier. These improvements are being incorporated in the new *Forrestal* class carriers now under construction, and we planned for all new carriers to be constructed.

I would like to turn now to the accomplishment of our airpower program during the last year. Significant progress has been made in converting our air forces to jet aircraft. Inventories of jet airplanes have been increased about 50 percent. During the last 18 months the new increase in total Defense Department airplane inventories has been more than double that achieved during the previous 2½-year period, from the beginning of Korean hostilities to the end of 1952. Modernization of our air forces has proceeded at a rapid pace. Obsolete World War II types of Navy and Marine aircraft have been replaced by the newest type patrol, attack, search, and jet fighter aircraft. Most of the World War II Air Force airplanes, except for a few wings of B-29's, have been eliminated from the frontline combat inventory of the regular Air Force. In fact, the first operational jet fighter, the F-80, has already been eliminated from our frontline combat inventory. The Air Defense Command's present fighter-interceptor force has been substantially modernized.

Last year I said, "By June 1954, the new budget will produce 114 Air Force wings." Actually, the Air Force had 115 wings activated by June 30, 1954. This is an increase of 12 wings over the 103 on hand in March 1953. All 12 of these are combat wings—bombers, fighters, and reconnaissance. By the end of fiscal year 1954 the Air Force had 70 percent more wings in the highest category of readiness than it had in March 1953. The number of wings in the lowest category of readiness was reduced during the same period to one-third the number in that category in March 1953. Security considerations preclude a more specific statement as to our present level of readiness, but I believe the figures I have cited convey the fact that significant progress has been made in increasing the combat effectiveness of the Air Force as well as the number of wings.

This improvement in the strength of our regular Air Force has been paralleled by a notable improvement in the strength of the Air National Guard and Air Force Reserve. The number of planes in the hands of the civilian components of the Air Force has more than doubled since March 1953; and 44 fighter, light bomber, reconnaissance, and troop-carrier wings have been organized. Of the Air National Guard's 87 tactical squadrons, 62 were partially jet equipped on May 1, 1954.

The quality of the planes and equipment being made available to the Reserve forces, Air Force, Navy, and Marines, is improving in consonance with the increasing availability of modern equipment in the Regular forces. The Reserve programs of the several military departments, which will be financed by the funds we have recently appropriated for fiscal year 1955, call for improved training of Reserve forces and for their closer integration into the overall military plan. The Department of Defense is giving substantially increased attention to these programs in fiscal year 1955 and will continue to do so in the future, with the aim of assuring that this most necessary element of our mobilization base is properly organized, adequately trained, and efficiently utilized. The Armed Services Committee last year conducted an on-the-spot survey of the training activities being carried out under the Reserve program and on January 29, 1954, published a report on it. Just as soon as the Department of Defense has completed its recommendations for this program, our committee will conduct hearings to determine what legislation is necessary or desirable.

In the meantime, intensive work is being done to hasten the development of pilotless missiles and other weapons of the future. The facts presented to the Senate by the junior Senator from Missouri the other day underline the urgency of this program. They do not demonstrate that less is being done than can practicably be accomplished or realistically aimed at. I cannot, of course,

make public the amounts that have been obligated or programed for research and development in this field. But I can and do emphatically assert that what is being done and what is being aimed at do not in the slightest fall short of the attainable because of any failure to provide the necessary funds. In fact, the Committee on Appropriations has requested a report by next January on progress made on this program.

I would like to speak now of certain problems that have been encountered in aircraft production and to report that production difficulties during the past year have been narrowed to 3 or 4 important types of aircraft. Almost all production schedules for heavy bombers, medium bombers, attack planes, transports, trainers, liaison, and helicopters are being met 100 percent. The strike at North American has temporarily delayed the F-86. Difficulties with the B-57 and F-84F, problems of long standing, are now being overcome. The difficulties which gave rise to the long delays in the deliveries of these two aircraft are precisely what we hope the new program will avoid in the future. The only other problem combat airplane is an antisubmarine warfare plane. Helicopter production problems involve only one major model.

Production of new models of aircraft, such as the F-100, F3H, B-66, and B-52, is proceeding satisfactorily. It is hoped the new policy of holding production of new aircraft to low initial rates until the aircraft has been thoroughly tested and has fully demonstrated its ability to meet service requirements, will preclude a repetition of the F-84F type of experience after full production is started.

Another major accomplishment in developing our national airpower during the last year has been the complete reprograming of the Air Force buildup. Secretary of Defense Wilson, in his statement before the Senate Appropriations Committee on the fiscal year 1955 budget, reminded us that there are three distinct methods of achieving economy in military affairs: First, economy in planning or, as some call it technically, economy in forces; second, economy in programing; and third, economy in operation. Programing is the area in which forces, weapon systems, and strategy are translated into requirements for manpower, combat materiel, construction resources, and so forth; which, in turn, determine the amount of money to be spent. Economy in programing is achieved first by providing only for essential activities and programs and by eliminating the marginal and merely desirable; and second, by maintaining flexibility and balance among all activities and programs—men, materiel, bases, activations and conversions of units, training rates, operating rates, deployment, and so forth.

The Air Force program, by the end of 1952, was sadly out of balance. The details of this imbalance have already been recounted numerous times, and I shall not dwell on them now. What I wish to report is that major strides have been made within the last year to bring the Air Force program back into balance. The more realistic rate of buildup provided in the new 17-wing force goal has greatly facilitated this rebalancing of program elements and has greatly enhanced the possibility of keeping the program in balance in the future.

The Air Force personnel, materiel, and base construction programs have been rephased, first to bring them into alinement with the 137-wing buildup schedule, and second to bring them into balance with one another. The results of this major program adjustment have apparently created a misleading impression in some quarters. It is obvious that when a program is already seriously out of balance, the only way to rebalance it is to adjust those elements which are out ahead and speed up those which are lagging. This is exactly what the Air Force has been doing during the last year.

The program element which has lagged the most has been base construction. A major effort has been made and is continuing to bring this program abreast of the new 137-wing buildup schedule. There is every indication that this can be substantially accomplished. The adjustment in the force buildup will greatly facilitate the proper basing of units as they are manned and made ready to function.

A very extensive rescheduling of procurement has been required to bring the materiel program into balance with the other major program elements and the new 137-wing buildup. This has involved the modification or cancellation of some aircraft contracts and the cancellation or adjustment of numerous contracts for aircraft components and other major procurements. During the first 11 months of fiscal year 1954 the Air Force deobligated $1,800 million in the aircraft and related procurement appropriation alone, and for the year as a whole deobligations may total $2 billion. These deobligations, in general, reflect a reassessment of requirements in the light of more stringent standards of need or more recent operating experience. For example, increased engine life expectancy and the cessation of combat operations in Korea enabled the Air Force to cancel about $500 million worth of engines and engine parts. The cancellation of the T-36 trainer contract produced a deobligation of about $120 million. The reduction in the heavy-press program resulted in the deobligation of about $52 million, and so forth.

This rescheduling of procurement was also required by the inauguration of the new Air Force forward-purchasing policy which is designed to time the placing of follow-on contracts so as to maintain uninterrupted production while at the same time holding down the further accumulation of unfilled orders in the hands of manufacturers.

This is one of several actions taken by the Air Force to place its buying operations on a more businesslike basis. By letting new contracts at the latest time possible, without creating gaps in the production lines, the Air Force retains maximum flexibility in its procurement program. More time is available to make changes in the program or in the aircraft to be procured. Furthermore, this policy provides a much-needed incentive for the contractors to meet their production schedules. No new contracts will be placed with a manufacturer until he has satisfactorily performed on the contracts he already has.

This appears to me to be a very sound business practice. The inauguration of this new policy tended, temporarily, to reduce the rate of new obligations, but it has not reduced the rate of production. The placing of follow-on contracts earlier than required to maintain uninterrupted production merely increases the industry's backlog of unfilled orders and not the number of aircraft and other materiel delivered to the Air Force.

The small amount of Air Force obligations for aircraft and related procurement during the first 10 months of fiscal year 1954 has given rise to considerable conjecture and comment. Let me state, without reservations, that this lag in obligations does not imply a delay in currently programed aircraft deliveries. Neither does it imply a sudden drop in future aircraft deliveries.

There are a number of very cogent reasons why Air Force obligations for aircraft and related procurement were so small during the first 10 months of the last fiscal year. First of all, the only obligation figures regularly reported by the services are net obligations, that is total new obligations less deobligations. In fiscal year 1954 the Air Force estimates that approximately $3.7 billion of aircraft funds were obligated. Since de-obligations in that year were about $2 billion, net obligations amounted to only $1.7 billion.

Second, the Air Force has been making an intensive effort to get its procurement program on a sound controlled basis, to eliminate practices which have been criticized by the Congress and the General Accounting Office and, in general, to introduce more businesslike buying procedures. Many of the actions taken in this effort, such as the forward purchasing policy which I have already discussed, have had the effect of temporarily postponing the placing of new contracts and in some cases causing the deobligations of funds.

The Air Force has just completed a rather detailed study of the factors contributing to the delay in new obligations during fiscal year 1954. The unobligated balance in the aircraft and related procurement appropriation at the end of that fiscal year is now estimated to be $4,490,000,000. Of this, $1,645,000,000 is reserved for application against the fiscal year 1955 program. The balance, $2,845,000,000, represents funds which were originally planned for obligation in fiscal year 1954, and which are still required for fiscal year 1954 and prior year programs.

The study indicates that almost two-thirds of this "unplanned" unobligated balance of $2,845,000,000 on June 30, 1954, was ascribable to 2 factors, the forward purchasing policy, to which I have just adverted, and the new spares procurement policy which I shall discuss in a moment. The fact that these funds remained unobligated at the end of the fiscal year should offer no cause for alarm since their obligation in fiscal year 1954 was not required under the new procurement policies.

With respect to the spares policy, it had been the practice of the Air Force in the past to include in aircraft contracts a lump sum amount to cover the total estimated cost of future engineering changes, spare parts, training equipment, special tools, and so forth. The General Accounting Office pointed out that the contractual provisions setting up these lump sum amounts did not authorize performance by the contractor but required subsequent action by the Government contracting officer, when the requirements for engineering changes, spares, and so forth, were finally determined. In effect, these lump sum amounts recorded as obligations were not a true liability of the United States Government and, therefore, were not true obligations.

The new policy discontinues this practice. Funds for engineering changes will not be obligated until the changes have been determined and directed by the Air Force. Spare parts moneys will not be obligated until the spare parts requirements have been determined both as to items and quantities and placed on order. The net effect of this action was to reduce the amount of new obligations in fiscal year 1954 below the original estimate which included this type of pseudo obligation. This same policy resulted in the deobligation of $350 million, of the $2 billion total, during fiscal year 1954, representing the reduction or cancellation of spares contracts for which definitive lists of items to be procured were not available.

Again I want to point out that this more businesslike practice will not in any way delay the actual production of spare parts or the introduction of necessary engineering changes.

Another new policy introduced by the Air Force within the last year precludes, as a general rule, the placing of new contracts with a contractor where contract finalization or price redetermination is past due on existing contracts. This action was taken to provide an incentive to both the Air Force buying personnel and the contractor to bring up to date all contracts on which price redeterminations or contract finalizations were delinquent, another matter criticized by the General Accounting Office. This action also contributed to the reduction in new obligations during fiscal year 1954, but it was not allowed to delay production. Now that most delinquencies have been corrected, the placement of new contracts can proceed on schedule.

I was pleased to note in the Air Force study that $90 million of the amount deobligated in the aircraft appropriation during fiscal year 1954 was the result of such price redeterminations.

The Air Force in the past year has greatly reduced the use of letter contracts for the procurement of aircraft and other major items of equipment. Finalized contracts are now the rule, and the letter contract is used only in exceptional cases. This is as it should be. The letter contract was never intended in Government procurement as a substitute for a finalized contract. It is to be used only in exceptional cases and in times of emergency. Where used, it is to be replaced at the earliest possible time by a definitive contract.

The Air Force action tightening up on the use of letter contracts was long overdue, but it has served to reduce, temporarily, the obligation of aircraft funds. The Air Force buyer must now complete his contract negotiations, including specifications and all other terms of the agreement, before the money is obligated, rather than after, as is the case where a letter contract is used. I feel confident that in the long run this return to sound business practices will speed up the procurement of aircraft and other aviation equipment, rather than delay it. Both the Government and the contractor will know better where they stand, and the possibilities for misunderstandings and disputes will be reduced.

One final point in this regard. Purchases by one military department through another military department will no longer be reported as obligations until the funds are actually placed on contract and the Government incurs a liability. This change in policy also contributed to the recent reduction in the rate of obligations. It is estimated in the Air Force study that two-thirds of the "unplanned" unobligated balance of $640 million in the major procurement account on June 30, 1954, represented Air Force purchase requests transmitted to one of the other services but not yet reported back as being placed on contract.

I believe it is quite clear that the relatively low level of Air Force net obligations for aircraft and related procurement during the first part of the past fiscal year reflects, essentially, the introduction of more businesslike buying practices in Air Force procurement. Now that the transition to the new procurement ground rules has been substantially completed, the rate of obligations is beginning to rise sharply. Net obligations of aircraft funds in May, $450 million, were 20 percent higher than the total net obligations in the first 10 months of fiscal year 1954. Final June figures are not yet available but the Air Force estimates that net obligations of aircraft funds in that month will total $800 million, almost twice the May figure. Navy obligations are also showing an upward trend. Net obligations in June are estimated at $300 million compared with $460 million recorded for the first 11 months of the fiscal year 1954.

The adjustments in procurement programs and improvements in procurement procedures, which I have described, have not, and will not, delay the 137-wing buildup. Indeed, I am firmly convinced that the actions taken in the last year will assure the successful accomplishment of that goal.

Great progress has also been made by the Air Force during the last year in realining its military-personnel program. Personnel requirements have been given a very careful scrutiny. The Air Force now feels it can man the new 137-wing program with 975,000 military personnel. Two years ago the Air Force stated to the Congress that it would require 1,210,000 military personnel to man a slightly larger force of 143 wings.

This reduction in military-personnel requirements has been achieved without detracting from the combat effectiveness of the Air Force. Reductions have been made in many of the areas repeatedly criticized by the Congress—Air Force bands, air police, headquarters personnel, training personnel, military personnel in jobs which can be done by civilians, and so forth. With respect to the last item, the Air Force "Native Son project" alone promises ultimately to reduce military-personnel requirements overseas by some 43,000. More than two-thirds of this reduction has already been realized. It is planned also to extend this concept to the continental United States by substituting civilians for military personnel in areas where such interchange is feasible and economical.

The early release of airmen whose terms of enlistment were close to completion and who had no intention of reenlisting, together with the early release of those airmen of marginal value to the service, has placed the Air Force in a much better position to meet the large-scale turnover anticipated in fiscal year 1955. The Air Force, however, still faces a very difficult recruiting problem. It now has a total of about 950,000 officers and airmen. The end fiscal year 1955 goal is 970,000 men, an increase of 20,000. Because of the very high number of separations expected in fiscal year 1955, this net gain of 20,000 cannot be assured without a major recruiting effort. To assist the Air Force in meeting this problem, the Secretary of Defense has recently authorized a separate recruiting service for the Air Force. The Defense Department feels that the greater emphasis being placed on airpower warrants this action.

Mr. President, may I close by saying that the Air Force has been engaged in a rigorous reexamination of all phases of its program and is making drastic changes in its way of doing business. These changes are now receiving the wholehearted backing of all Air Force personnel. The new program is being pushed with a vigor and determination which is certain to assure its success. The new manning and procurement policies are being rapidly implemented and loyally supported from top to bottom of the Defense organization. The people of this country have every reason to feel secure in the knowledge that our Nation's defense is in good hands.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL ACT OF 1954

The Senate resumed the consideration of the bill (S. 3052) to encourage a stable, prosperous, and free agriculture, and for other purposes.

Mr. LONG. Mr. President, on next Monday, the Senate will vote on the crucial decision for the farm legislation

to guide this Nation during the next year. This is one of the most important decisions of the 83d Congress. The decision we make on Monday will perhaps determine the course of American agriculture for many years to come.

To me, it is a decision that any experienced public servant should be able to make without hesitation. For my part, my decision is merely a matter of doing what I promised I would do when I was a candidate for office. I submit that for Democrats, it is merely a question of keeping one's word.

In 1952, the Democrats met in convention at Chicago to draft a platform for our party and to nominate a candidate for President. Here is what our platform said:

> Under the present farm program, our farmers have performed magnificently, and have achieved unprecedented production. We applaud the recent congressional action in setting aside the sliding scale for price support through 1954, and we will continue to protect the producers of basic agricultural commodities under the terms of a mandatory price-support program at not less than 90 percent of parity.
>
> We continue to advocate practical methods for extending price supports to other storables and to the producers of perishable commodities, which account for three-fourths of all farm income.

Lest I confuse Senators by the use of too many words, let me pick out the controlling words, insofar as our farm policy is concerned. Our party said:

> We will continue to protect the producers of basic agricultural commodities under the terms of a mandatory price-support program at not less than 90 percent of parity.

Mr. President, I supported an honorable man, Adlai Stevenson, for President of the United States. Mr. Stevenson ran upon that platform. He stood upon it firmly, without equivocation, and those of us who campaigned for Adlai Stevenson pledged our party to carry out that program.

Now let me refer to the Republican platform. It was a masterpiece of doubletalk. It promised everything in general terms and nothing in specific terms. It read as follows:

> We favor a farm program aimed at full parity prices for all farm products in the market place. Our program includes commodity loans on nonperishable products, on-the-farm storage, sufficient farm credit, and voluntary self-supporting crop insurance. Where Government action on perishable commodities is desirable we recommend locally controlled marketing agreements and other voluntary methods. (P. 41 of Factual Campaign Information, a document compiled under the direction of J. Mark Trice, Secretary of the U. S. Senate.)

Now, Mr. President, nobody in his right mind would campaign for farm votes on such a platform, especially if he had first read the Democratic platform. As a matter of chronology, the Republican platform was adopted in early July 1952, and being the down-to-earth politicians that we are, we Democrats had a chance to see what the Republicans were proposing before we drafted our own platform later in July. We promised the farmers a better deal and we promised it in specific terms. We said we would guarantee 90 percent of parity for all basic commodities.

When President Eisenhower undertook to solicit the farm vote he found himself at a disadvantage with the vague language of the Republican platform. He sought to remedy that problem by committing himself in specific terms to a program at least as good and perhaps better for the farmers than the Democratic program. He supplied the specific language that the Republican platform lacked.

Here is what he said on September 6, 1952, at Kasson, Minn.:

> I firmly believe that agriculture is entitled to a fair full share of the national income, and a fair share is not merely 90 percent of parity but full parity.

Here is what he said on September 30, 1952, at Columbia S. C.:

> I believe wholeheartedly and without any ifs or buts in Federal programs to stabilize farm prices, including the present program insuring 90 percent of parity on all basic commodities.

Here is what he said on October 4, 1952, at Brookings, S. Dak.:

> The Republican Party is pledged to the sustaining of the 90 percent of parity price supports, and it is pledged, even more than that, to helping the farmer obtain his full parity, 100 percent of parity, with the guaranty in the price supports of 90 percent.

Now, Mr. President, the speeches at Kasson, Minn., Columbia, S. C., and Brookings, S. Dak., left no doubt whatever in the minds of the listeners.

Note, Mr. President, that the Republican candidate for President used the words "90 percent of parity for basic commodities," and he said that he was pledging himself to this program, with no ifs or buts. However, since then I have listened with interest to apologies for the Republican Party and their farm program. They say that although Dwight D. Eisenhower said he promised 90 percent of parity, with no ifs or buts, there were weasel words woven into his speech. They say that other passages gave him out and escape devices.

Mr. President, I am not concerned with what a man might have mumbled during a burst of applause, when his words did not fall upon the ears of the audience. I am not concerned about some passage that did not come to the attention of those who came to be enlightened. If there are weasel words to be found in the pledges of the Republican candidate for President, Dwight D. Eisenhower, I submit that it is wrong to mislead the public. It is wrong to say that you are for 90 percent of parity, with no ifs or buts; and then attempt to break your word, relying upon some complicated passage that was meaningless to the listeners.

I am frank to say that I have not had my attention directed to any language that would excuse the President for failing to keep his pledged word to the farmers of our Nation. As far as I am concerned that should be the end of it. Either we keep our word or we break it. The public has a way of disposing of politicians who are unfaithful to their pledged word.

At this moment we have before us a choice between two proposals. One is a proposal supported by a majority of the members of the Committee on Agriculture and Forestry to maintain price support for the basic commodities at 90 percent of parity. The other is the proposal for a flexible price-support program to permit price support to decline from 90 percent to 80 percent in the next year as advocated by Eisenhower and Benson today.

Implicit in the so-called flexible program is the fact that there is no guaranty that prices for agricultural commodities will not decline even more in the years to follow. Unfortunately, this flexible price-support program means nothing, more or less, than lower prices and lower farm income for those who make their living in agriculture. It is a direct breach of faith on the part of those who guaranteed the farmers that they would receive 90 percent of parity for basic commodities.

For my part, I shall vote to continue to support basic commodities at 90 percent of parity. Based on prices of July 15, 1954, this means a firm Federal guaranty of 31½ cents per pound for cotton, $4.89 per hundredweight for rice, $1.64 per bushel for corn.

In justice to myself, let me say that I believe the Democratic Party was right when it pledged itself to 90 percent of parity and that Dwight D. Eisenhower, speaking for the Republican Party, did not make an unwise promise, even though he might not have known what he was talking about when he pledged himself to the same proposal.

Our parity ratio is nothing more or less than a proposal to assure a farmer that he will make an income as favorable as a laboring man. Full 100 percent of parity is a concept upon which farm income could be presumed to be in line with the income received by labor and business. Ninety percent of parity places the farmer in a position 10 percent below those in other lines of endeavor.

A farmer is not necessarily producing his product for less than cost when he is selling at 90 percent—no more than a businessman is selling below cost when he knocks 10 percent off his regular price. Nevertheless, he is not making the profit which American standards would expect him to achieve.

Now, Mr. President, let me say here and now that I do not subscribe to a theory that there is any benefit to flow from hunger or scarcity of food. I do not favor the economics of scarcity. My attention has been directed to years in which the farmers have produced much less food than in certain other years and yet made more money due to high prices resulting from a scarcity of food throughout the world.

Such a situation is bad for our country. It causes widespread hunger. It causes food to cost altogether too much. Far better for all concerned that we should have a constant and plentiful supply of food at a fair price, than that the farmer should receive far too little in one year with a prospect of receiving an unusually high price in another.

The history of agriculture has been that the farmer does not benefit from

the old bust-and-boom way of adjusting prices. He goes bankrupt—he loses his farm, and goes into debt beyond any hope of ever paying it. That was the result of leaving the farmer to the complete mercy of the economic laws of supply and demand in the complicated economy that is American capitalism.

We all know how interdependent the American economy is. It is not entirely true, of course, to say that anything which is good for one group is necessarily good for all, but there is a great deal of truth in it, nevertheless.

One of the most enlightened groups in this matter is the Congress of Industrial Organizations. The CIO represents the laboring men of the automobile and steel industries, as well as many others. These men realize that farmers cannot continue to purchase automobiles, trucks, tractors, and other farm equipment, if they do not have adequate income. The CIO today is aware of the effect that low-farm income under Eisenhower has played the greatest single role in increasing unemployment from 1,250,000 in August a year ago to over 3,500,000 today.

The officers of the CIO know as well as anyone that their members are not getting the overtime pay which they enjoyed a year ago. They know that far from working overtime at time-and-a-half pay, their members are not even achieving a 40-hour workweek.

Mr. Walter Reuther, president of the CIO, and many able economists, including Leon Keyserling, former Chairman of the President's Economic Advisory Committee under the Truman administration, have pointed out that if partial unemployment were added to the 3½ million who are unemployed today, the unemployment figure would exceed 5 million workers.

The quickest way to reduce unemployment would be to restore farm prosperity. The quickest way to increase unemployment would be to pass this ridiculous Eisenhower-Benson scheme to reduce farm income even further.

As one who believes in abundance, rather than scarcity, I would point out that we still have people hungry in this land of plenty. I have a bill before the Senate Finance Committee to increase old-age pensions by $10 for every aged person.

There is a need for increasing social-security benefits to a minimum of $75 for a retired worker, instead of the proposed $30 minimum as proposed in the administration's social-security bill.

Taxes on the average family should be reduced by at least $80 as proposed by the Democrats on the Finance Committee.

If those proposals were to pass, I doubt that there would be enough food to meet the demand. Certainly a man or woman living on a pension check of $50 per month or less eats very few sirloin steaks. There is very little protein in a diet of a person who can afford no more than 75 cents worth of food each day. If every American family were in position to afford the minimum diet, as recommended by the United States Department of Agriculture, there would not be adequate food production in this entire Nation to provide for the needs of our people.

During the last 3 days, I have heard Senators argue on this floor that we should reduce farm income in the hope that by reducing the income of the farmer, we would be able to reduce the production of our food. Why on earth should we waste our time here trying to find a way to cut the production of our food, when we have tens of millions across our own land who are not receiving the minimum diet to sustain the human body properly?

Why should we undertake to reduce the income of our farmers on the Eisenhower-Benson theory that by driving inefficient farmers out of agriculture, we could reduce the production of food, when two-thirds of the people of the earth go to bed hungry every night?

The Senator from Iowa [Mr. GILLETTE] sometime ago inserted several articles in the RECORD, showing that the philosophy which dominates our Department of Agriculture emanates from Cornell University, and that its advisors draw big salaries from Wall Street banks. I suspect that it must be true.

Described in simple terms, what those persons advocate is the economics of scarcity. It is the theory that a smaller supply of food will bring higher prices for food. The theory of pure economics is not always the best answer. Commonsense should tell us that a program to achieve abundance is better than one of scarcity. The only time surpluses ever hurt anybody in this Nation was at a time when we permitted our thinking to regard surpluses as a bad thing instead of a good thing.

Those who want to reduce the income of American farmers today say that farmers will expand production if they receive an adequate price for their commodities. I do not deny it. The only difference between their thinking and mine is that we reach the opposite conclusions. I regard a surplus of food as a good thing. They regard it as a bad thing.

Somewhere in this world there should be an abundance of food with granaries overflowing. Somewhere in this world there should be people, devoted servants of a charitable God, ever ready to go to the aid of the hungry, the needy, and the distressed.

America is achieving such leadership, and I predict that the Christian acts that demonstrate our love and friendship for less fortunate human beings on this earth will, in the long run do more to advance our standing with the masses of this earth than all the rifles and 90-millimeter guns we could give away in the next century.

We would do well to see to it that our surpluses of food should be in those commodities which can be stored. That is the difference between our basic commodities and many of our nonbasic commodities. Cotton can be stored for 100 years without noticeable deterioration. Wheat can be stored up to 5 years without substantial loss. Corn can be stored 3 or 4 years without substantial loss. Peanut oil can be stored for many years. Rice can be stored up to 2 years.

For that reason, it makes good sense that the Government should channel our surpluses into those commodities that can be stored, rather than commodities that will perish in short order. We cannot afford to encourage surplus production of eggs, strawberries, or other perishables to the same degree that we can afford to encourage a surplus of the basic commodities, because of the inability to keep them on hand indefinitely. For this reason, we should have a higher support level for basic commodities than we are able to provide for perishables.

It is unfortunately true that we are plagued today with a Secretary of Agriculture who has no desire to make our agricultural program work. Mr. Benson does not believe in the program. He has undertaken to destroy it and make it unpopular. He has made every effort to pit farmer against farmer—and housewife against all farmers.

He has attempted to sell the theory that farmers in some parts of our land receive a better break from 90 percent of parity for basic commodities than others. He has distributed pamphlets calculated to show that the southern part of the Nation is most benefited by a program that guarantees 90 percent of parity for basic commodities.

One of Mr. Benson's charts demonstrates that 50 percent of cash income for the Louisiana farmers is derived from the six basic commodities, while none of the income from Vermont, New Hampshire, Maine, or Rhode Island is derived from wheat, corn, cotton, peanuts, rice, or tobacco, which are supported at 90 percent of parity. This is calculated to incite farmers from States which produce very little basic commodities to vote against the interest of those States which produce large quantities of basic commodities.

If it is a crime to be benefited by a farm program, we of Louisiana already plead guilty.

Mr. President, since Ezra Taft Benson became Secretary of Agriculture, farm conditions have grown steadily worse. Prior to the time Mr. Benson assumed his position, farm prices had declined drastically. Any Secretary with the interest of agriculture at heart would have undertaken immediate measures to boost farm income rather than cut it. Instead, Mr. Benson chose to undertake a program of reduced farm income.

Mr. Benson has attempted to sell the housewife the theory that low farm incomes will mean low prices for the workingman and his wife. Well, the housewife is entitled to know who is responsible for the cost of food, so let us place the entire matter in its proper perspective.

The fact is that the farmer must buy the products that the laboring man produces and the laboring man must buy the products that the farmer produces. It has been our experience in this Nation that one part of the Nation cannot long be prosperous while another part of our Nation is in distress. If we have prosperity, it must be shared by all. If we have depressions we all suffer, regardless of whether we are farmers, laborers, or businessmen.

Let us see how the laboring man has fared, insofar as his wages are concerned. In the prosperous year 1929, 1 hour's average factory pay brought a worker enough income to buy 6.4 pounds of bread. In 1953, 1 average hour's factory pay brought enough income to purchase 10.7 pounds of bread.

The average hour's wage in 1929 would buy 1 pound of butter. In 1953 it would buy 2.2 pounds of butter.

In 1929, the average hour's factory pay would buy 3.9 quarts of milk. In 1953, it would buy 7.5 quarts of milk.

In 1929 the average hour's factory pay would buy 1.4 dozen eggs. In 1953 it would buy 2.5 dozen eggs.

In 1929 the average hour's factory pay would buy 17.7 pounds of potatoes. Today it will buy 32.6 pounds of potatoes.

In 1929, the average hour's factory pay would buy 4.4 No. 2 cans of tomatoes. In 1953 it would buy 10 cans of tomatoes.

Many people fail to realize that for every dollar spent by the housewife for domestically produced food, 56 cents goes for processing, marketing, and transportation charges. The farmer received 44 cents. Of this 44 cents, approximately 30 cents goes to purchase tractors, trucks, plows, gasoline, fertilizer, and other supplies required for farming. The farmer and his family have about 14 cents out of every consumer dollar to spend for their own food and to buy for themselves the various necessities and comforts of life.

Thus, Mr. President, the farmers have done an admirable job for our Nation. With a steadily declining number of persons working on farms, they have produced ever more food. In 1932, there were 24.9 percent, or one-quarter, of our people working on farms. In 1952 there were 15.9 percent, or one-sixth. Farm income cannot be regarded as high. The average income for every person living in a city today is $1,850 cash income per year. The average person living on a farm has $850 in cash income per year.

Thus, it will be seen that farm income on a per capita basis is about one-half as much as the income of persons living in cities. Thus, far from receiving too much income, the farmer is not receiving enough. Far from giving him a program that will permit his prices to decline further, it is our duty to give him a program that will increase his income to parity—not the 90 percent of parity that we Democrats wish to guarantee the farmer, but the full 100 percent which Eisenhower promised and failed to deliver.

Now let us see whether the reduction in farm income has meant lower prices to the housewife. Here are the over-all figures:

From 1951 to 1953, farm prices went down 14 percent. During this same period of time food prices increased by two-tenths per cent. Despite the fact that farm prices have now fallen 20 percent since their 1951 peak, retail food prices are still within a fraction of a percent of their 1952 high.

Last month was the third consecutive month during which prices received by farmers went down while the price of food for the housewife went up. While farm prices went down 4 percent from May to June of this year, retail food prices advanced by five-tenths percent in a single month.

Thus far our farmers have not had a single month under Eisenhower as good as the worst month under the Democratic administrations during the last 12 years. It is necessary for us to go back to the depression days prior to World War II to find a month in which the farmers fared as poorly as they have done during every month under Eisenhower and Benson. This is the point that most people do not understand.

Today the farmers' parity ratio is 88 percent. I predict without the slightest doubt that if we take this Eisenhower-Benson proposal being advanced by the distinguished Senator from Vermont, the chairman of the Committee on Agriculture and Forestry, for himself and six other members of his committee, farm income will be even lower next year.

True, it sounds like good logic to say that lower farm prices mean lower costs of food for housewives. Why has it not worked out that way? The reason is that 56 cents out of every dollar spent for food now goes for processing, marketing, and transportation charges. Labor has had steadily increased wages. Management has had greater profits. The public has demanded better processing, improved sanitation, and more convenient and attractive packages. All of these things have reflected themselves in the increased cost of food.

Let us look at a few individual cases. In 1948 the price of wheat was $2.81 per bushel. In June of this year the price of wheat was $1.91 per bushel. Yet the average price of a loaf of bread in January 1948 was 13.8 cents for a 1-pound loaf. In June of this year the average price of a loaf of bread was 17 cents. Thus, the price of bread had gone up more than 3 cents, while the cost of wheat had gone down by one-third, or 90 cents per bushel.

In 1947, it cost 4½ cents to buy enough corn to manufacture a 12-ounce package of corn flakes. In 1954, it cost 3 cents for the same amount of corn. Yet the package of corn flakes, instead of costing 1½ cents less, had gone up from 16 cents to 22 cents during the same period of time, an increase of 6 cents.

While the cost had gone up 7½ cents from the time the farmer sold his corn to the time the housewife bought it in the grocery store, the price received by the farmer had gone down 1½ cents.

There is less than 30 cents worth of cotton in a $3.95 cotton shirt. A 10-percent reduction in the income of cotton farmers could only reduce the cost of a shirt by 3 cents—less than 1 percent—while it would perhaps destroy the majority of small cotton farmers.

Farm prices for milk and butterfat in June 1954, were 10 percent below the 1947–49 average, while the retail prices were 3 percent higher than the earlier period.

I do not ask Senators to take my word for these facts; they are set forth clearly and persuasively by Mr. CLIFFORD HOPE, the Republican chairman of the House Agriculture Committee, in a recent release by that committee.

Thus, Mr. President, if we wish to do anything about the cost of food, we should direct our attention to the processor and the middleman instead of the farmer. The farmer's income has been cut until he cannot afford to produce any cheaper. He is entitled to make more, rather than less.

He is entitled to a program that guarantees him at least as much income as he is receiving today and he ought to be given reasonable assurance that his income will be greater next year.

Already my friends inform me that there is a surplus of common labor in the cities of Louisiana. Much of this unskilled labor consists of farmhands who have come to town seeking employment because acreage limitations and low prices for cotton and other commodities have forced farmers to get by with less farm labor.

All of these things do not help the laboring man. It is difficult to maintain a union scale of wages when there are large numbers of unemployed unorganized laboring men pleading for jobs. This may be what some contractors would desire, but even if a businessman were selfish, his good judgment would tell him that such a trend cannot long continue before this Nation would be subjected to another economic depression.

Most depressions have started on the farms. If this present recession develops into a full scale depression, it will be following the usual pattern.

Already we see the farmers going deeper into debt. In 1952, farm mortgages totaled $6,588,000,000. This year farm mortgages have risen to $7,659,000,000. This is an increase in indebtedness of 16 percent in 2 years. It is an increase of more than $1 billion of indebtedness.

It is not always a bad sign when farm mortgages increase. In some cases, it might indicate that the farmers are buying more machinery and expanding their operation. No such thing is true at the present time. All industrial figures show that every factory that produces farm machinery and equipment is producing far less this year than they produced last year, and last year they produced far less than the year before. Thus, the farmer is spending less money and still going deeper into debt day by day.

There are solutions that could benefit our farmers as well as our entire Nation and our allies if there was the leadership and the determination to get them done.

I am one of those Democrats who did everything possible to try to force this administration to adopt a forward-looking reciprocal trade program. Unfortunately, this administration insists upon permitting our foreign trade to wither away, notwithstanding very good advice from every board and commission that has been appointed to study this problem.

In 1952, we exported 42 percent of our cotton to our friends and allies throughout the world. In 1952, we exported 48 percent of our wheat. Last year, we only

exported 20 percent of our cotton and 24 percent of our wheat.

To put it another way, a vigorous effective trade program would cause us to export 40 bushels out of every 8 bushels of wheat, and 4 bales out of every 8 bales of cotton produced in America. This year we are exporting only 2 bushels of wheat where we should be exporting 4, and only 2 bales of cotton where we should be exporting 4. The result is reflected by the enormous surpluses that are piling up in this Nation.

This is one field in which President Eisenhower has received good advice. Unfortunately, while he chooses to follow the bad advice of Benson, he fails to heed the very fine advice of the Randall Commission, which spent a year studying the foreign-trade problem at the request of the Republican President.

A second solution of the farm problem would be to increase the purchasing power of the average American citizen. Statistics will prove that the average person in the low-income brackets spends about 65 percent of his income for food. Since January this administration has pursued a policy that has seen enormous tax reductions for the well-to-do, while the masses have hardly been benefited at all.

Let us take an example: On January 1 the excess-profits tax expired, reducing corporation taxes by $1.6 billion. The personal income tax went down by 10 percent, reducing the Government's revenue by another $3 billion. That same day the social-security tax was increased by five-tenths of 1 percent on both employers and employees.

Let us see how that affected the average person. The average individual worker makes $3,700 per year. The increase in his social-security tax cost him $17.50 while the reduction of his income tax saved him $16.50. Thus he was paying $1 per year more taxes than before. Obviously, he was in no position to buy more butter or more milk for his children.

On the other hand, a man making $50,000 per year had his taxes reduced by $1,850. His social-security tax was increased by $17.50. Thus, his net income had been increased by $1,832.50.

General Motors Corp. alone was saved approximately $400 million per year in taxes. The result is that during the first 6 months of this year, General Motors has produced 6 percent less automobiles and made a net profit after taxes of $100 million more than the year before.

Unfortunately, less than 10 percent of American families own any stock in corporations. More than 70 percent of corporation stock is owned by 1 percent of the people of this Nation. Most of those fortunate people have no desire to eat more food. As a group, they are inclined to shop at the low-calorie counter. Their waistlines will not permit them to increase the amount of food that they eat.

They were already buying all the clothes and automobiles for which they had any need. Although there continues to be an increase in the demand for Cadillacs, we have seen the general shortage of purchasing power in the hands of the masses reflected by the fact that the manufacturer of every other automobile except Cadillac has cut back on production.

If the January 1 tax reduction had been spread evenly among all Americans it would have meant a savings of $100 each year for the average American family. That in itself would have logically meant the purchase of an additional $2 billion worth of food and clothing. Of this amount, additional farm income would have been about $1 billion. In spite of the first failure to boost the purchasing power of our masses, this administration chose to send us a second tax reduction bill, benefitting the well-to-do with very little benefit for the average family.

As a matter of fact, the third year cost of the Eisenhower tax relief bill of 1954 will cost this Nation another $3.4 billion loss of revenue. If the full cost of these two rounds of tax relief had been spread evenly among all taxpaying families, then every family would have had an additional $180 each year to spend. Yet more than 50 percent of American families will not receive any tax savings at all.

Many of us made the argument that the masses of our people were entitled to some tax relief when the administration's tax bill was before the Senate. Unfortunately, the Republican majority was successful in beating down every effort by Democrats to afford tax relief to those who are in need of additional purchasing power.

A third way to increase the consumption of food is to increase welfare payments and social-security benefits. I have before the Senate Finance Committee a bill to increase old-age pensions by $10 for every needy, aged person. The Republican majority on that committee has not seen fit to even consider the bill.

The Senator from Oklahoma [Mr. KERR], has been joined by myself and several other Senators in sponsoring a bill to give every needy person $10 each month in food stamps in order that those persons may buy food which is in surplus in this country. Yet that provision, too, while receiving the support of a majority of Democrats on the Senate Finance Committee, will not be reported to the floor of the Senate because of the failure of support from the Republican side of the committee table.

The Senator from Minnesota [Mr. HUMPHREY] has been joined by myself and several other Senators in introducing a bill to provide additional milk and other dairy products to needy persons throughout this land. That proposal, too, has been turned down by the Republican majority in the Congress.

I have attempted to persuade the Finance Committee that the social security bill should contain a feature that would guarantee that the proposed $6 increase in social security checks would not be deducted from an aged person whose social security payments are so small that he is compelled to seek assistance from the State welfare departments. Yet again this proposal was turned down by the Finance Committee with only one Republican voting in favor of it.

In addition, Mr. President, I recently fought on the floor of the Senate to increase the appropriation for our school-lunch program by, to me, a ridiculously small amount of $10 million, in order that our school children could receive a better diet in their lunches. Nevertheless, this proposal was voted down by a very small margin of only three votes.

I think that what I have just been saying, Mr. President, proves that the present administration does not choose to adopt any of these three general solutions. Having refused to do any of these, it is now proposed to pull the rug from under the farmer by taking away even the price supports which he has had for many years.

Mr. President, the Republican Party will have to answer to the farmers for its failure to provide a sensible farm program during its first 2 years in office. It will be no answer to shout about economy. I have supported this administration in every major economy effort that has been undertaken. Unfortunately, this administration is proving to be just as wasteful as its predecessor.

Only a few days ago, I offered an amendment to reduce the foreign giveaway program by $1 billion. Although Mr. Harold Stassen and his Foreign Operations Administration already have on hand more than $9½ billion of foreign-aid money which has not been spent, the majority of Republicans were successful in beating down my amendment to trim $1 billion from the $13 billion which this Congress will appropriate for the foreign giveaway program this year. Fortunately I was successful in reducing that program by $500 million with my second amendment.

Since World War II, our Nation has given away $45 billion of economic aid and military aid to the other nations of the world. More than $1 billion of this figure has been given to nations which are now Communist and behind the Iron Curtain. Yet when we are confronted with the $1,195 million that the entire price-support program for all commodities has cost this Nation during the last 20 years some Senators throw up their hands and echo Mr. Benson's charges that the public will revolt if we continue to impose upon them the expense of our farm program.

At the same time the Postmaster General goes merrily on his way losing $750 million a year, running the Post Office. In 1 year and 4 months the Postmaster General will lose for us as much money as it has cost to provide for the support of all agricultural commodities during the last 20 years.

In 2 months, Mr. Harold Stassen will give away to foreign nations products costing more money than the entire farm program has cost this Nation in 20 years.

Sometimes I think we should have our heads examined when I hear some of the arguments advanced here on the floor of the Senate. What in the world can Senators be thinking about when they fight to the end against an amendment to reduce the foreign-aid program and proceed to shout and proclaim that it will bankrupt the Nation if we should do 2 percent as much for our farmers of

America as we have done for the other nations of the earth.

I have recently seen a little book called the Fifth Plate. This book has recently pointed out that for every four persons who sat down to a meal in 1950, there will be a fifth plate at the table in 1975.

On present estimates, by 1975 there will be 38 million more mouths which will have to be fed in this country. We have always been a rich and productive agricultural Nation, but who can foretell what will happen if we should allow the condition of agriculture to deteriorate as a result of indifferent or hostile attitudes. There would be danger that farming will become so unattractive as an occupation that not enough of our people will be willing to stay on the land to conserve and develop this precious resource.

This is a most harsh thought to me, Mr. President, but lest it be considered frivolous, may I remind Senators that there are many countries in the world today in which such events have come to pass.

Mr. President, the farmers are going to insist that the President and the Congress keep their pledged word. Those who break their promises will not be reelected.

The Eisenhower-Benson flexible price-support program is no program at all. It is little better than a mirage to deceive the vision. It is like leaning upon a rubber cane or chasing after moonbeams.

Farmers are down to earth and straightforward with their thinking. When they build a floor upon their home, it will bear the weight of a human body for more than 100 years. Most farmers are devoutly religious; they believe in constructing a building after the concept of the Sermon on the Mount, in which our Saviour referred to the man who built his home on a rock rather than on the sand.

Farmers do not want their program constructed on sand. That is all the Eisenhower-Benson program offers us today. It amounts to no more than the breach of one promise in the hope that some flimsy half-hearted fulfillment of a lesser promise will be offered in the future.

Too many cattlemen have gone broke already. We have had enough of this foolish talk about driving the doctors and dentists out of the cattle business. The doctors and dentists are the only ones who could afford to stay in it. Let us hear no more of this suggestion that bankruptcy for agriculture today will bring riches in the future for those who can survive the crash.

Let us do for the farmers what we promised when we ran for office. Then let us adopt a national policy based upon plentiful food for all Americans and a foreign policy that will permit others through legitimate trade to share in the vast abundance that a merciful Creator bestowed upon America.

RECESS

Mr. LONG. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon Monday next.

The motion was agreed to; and (at 7 o'clock and 8 minutes p. m.) the Senate took a recess until Monday, August 9, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 7 (legislative day of August 5), 1954:

UNITED STATES PUBLIC HEALTH SERVICE

The following candidates for personnel action in the Regular Corps of the Public Health Service:

I. FOR APPOINTMENT, EFFECTIVE DATE OF ACCEPTANCE

To be senior surgeons

Joseph H. Gerber
Donald S. Martin
Arthur S. Osborne

To be surgeons

Shih Lu Chang
Walter C. Clowers
Robert C. Lam

To be senior dental surgeon

Toyo Shimizu

To be sanitary engineer

Frederick K. Erickson.

To be senior scientist

Malcolm S. Ferguson.

To be scientists

Hewitt G. Fletcher, Jr.
Max M. Levin

To be senior veterinarian

Frank A. Todd

To be veterinarian

Robert D. Courter

To be nurse officers

Josephine T. Krok
Anne H. MacNeill

CONFIRMATIONS

Executive nominations confirmed by the Senate August 7 (legislative day of August 5), 1954:

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the ninth session of the General Assembly of the United Nations, to serve no longer than December 31, 1954:

Henry Cabot Lodge, Jr., of Massachusetts.
H. Alexander Smith, of New Jersey.
J. W. Fulbright, of Arkansas.
C. D. Jackson, of New York.
Charles H. Mahoney, of Michigan.

The following-named persons to be alternate representatives of the United States of America to the ninth session of the General Assembly of the United Nations, to serve no longer than December 31, 1954:

Roger W. Straus, of New York.
James J. Wadsworth, of New York.
Mrs. Oswald B. Lord, of New York.
Ade M. Johnson, of Washington.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

James Bradshaw Mintener, of Minnesota, to be Assistant Secretary of Health, Education, and Welfare.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Martin W. Oettershagen, of Illinois, to be Deputy Administrator of the St. Lawrence Seaway Development Corporation.

COLLECTOR OF CUSTOMS

Philip A. Hoghaug, of North Dakota, to be collector of customs for customs collection district No. 34, with headquarters at Pembina, N. Dak.

SENATE

MONDAY, AUGUST 9, 1954

(Legislative day of Thursday, August 5, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. F. Norman Van Brunt, associate pastor, Foundry Methodist Church, Washington, D. C., offered the following prayer:

We would ever turn to Thee, our Father God, to confirm our faith, renew our hope, and increase our love. In the world of markets and machines, we are drained of our inner resources, but always in turning to Thee we find the spring of living water which restores us. So in the moments of this new day, we pray that Thou wilt keep our souls alive with vision, our minds alert with wisdom, and our hearts aglow with goodness in order that we might be equal to any event or exigency which confronts us on our path.

Hear this our prayer in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. SALTONSTALL, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, August 7, 1954, was dispensed with.

MESSAGE FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on today, August 9, 1954, the President had approved and signed the following acts:

S. 2371. An act to extend emergency foreign merchant vessel acquisition and operating authority of Public Law 101, 77th Congress, and for other purposes; and

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority.

CALL OF THE ROLL

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore (Mr. PAYNE in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ervin	Hickenlooper
Bowring	Fulbright	Ives
Carlson	George	Jenner
Clements	Gillette	Johnson, Colo.
Dirksen	Green	Johnson, Tex.
Dworshak	Hendrickson	Lennon