

# Flexible Price Plans Going Ahead Despite Continued Attacks on Program

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WASHINGTON (AP) — The Eisenhower administration is going right ahead with plans to give farmers their first taste this year of flexible price supports despite continued bitter attacks on the new program by some farm leaders.

Congress last year authorized use of the flexible system, beginning this year. However, legislative moves at this session to restore the wartime system of high, rigid price floors had created some uncertainty.

The House Agriculture Committee has voted to return to the old system, but delays in bringing the legislation to a vote in the House and failure of the Senate Agriculture Committee to consider it at all make fairly certain that the flexible system will get a trial this year on at least two crops—corn and wheat.

**Size of Supplies**  
Under this system, price guarantees to farmers are geared to the size of supplies. The larger the supplies, the lower supports may be and vice versa. Advocates of the system contend that in times of surpluses low supports would discourage overproduction and encourage greater use, and that in times of shortages high supports would encourage greater production and tend to limit consumption until supplies catch up with demand.

Under the wartime program in effect through last year, prices of the so called basic crops—corn, wheat, rice, peanuts and tobacco—were supported at a fixed rate of 90 per cent of parity. Parity is a standard for measuring farm prices declared by law to be fair to farmers in relation to prices they pay for goods and services used in production and family living.

The flexible program permits supports to range between 82 1/2

and 90 per cent of parity this year and 75 to 90 per cent thereafter. The law sets up a so called "sliding scale" formula for determining level of supports under this system.

The sliding scale is geared to the size of the supply of a particular crop and to the prospective market demand.

**Minimum Told**  
The Agriculture Department recently announced that the support rate for this year's corn crop will be not less than 87 per cent of parity compared with 90 per cent last year.

Here is how the department arrived at this support rate:  
In the first place it made an estimate of the supply of corn which will be on hand when this year's crop is harvested. Using calculations of a recent report on farmers' planting plans, the department forecast corn production at 3,140,000,000 bushels. A crop of this size would be about 6 per cent larger than last year's production and about 3 per cent larger than normal.

To get the total supply, the department also had to add stocks remaining from past crops. Those stocks—much of which are stored under government price support programs—were estimated at 800 million bushels, as of the start of the 1955 crop marketing year.

Thus, the indicated crop of 3,140,000,000 bushels plus the estimated 800 million bushel carryover gave an indicated total supply of 3,940,000,000 bushels.

**Next Step**  
The next step in determining the flexible support rate was to make a forecast of market demands for corn during the 1955 crop marketing year. Taking into account the use of corn for livestock and poultry feed, for industrial purposes and for seed during recent years, and the size of the livestock population on farms, the department estimated the domestic demand at 3,075,000,000 bushels.

Some corn moves into export markets and consequently this outlet had to be taken into consideration. The department forecast at 3,190,000,000 bushels. Obviously an indicated supply of 3,940,000,000 bushels would be far in excess of anticipated needs.

However, the farm law directed that allowance be made for a reserve supply to protect the nation against a possible shortage in event of crop failure or other emergencies and to provide users with working stocks. The law said that in determining price supports, farmers should not be penalized for maintaining such a reserve supply.

The law said this reserve supply should be equal, in the case of corn, to 15 per cent of the estimated requirements of the grain for the year. Fifteen per cent of the estimated requirements of 3,190,000,000 bushels would give a figure of 478,500,000 bushels for the reserve.

The law directed that the estimate of the actual needs and the authorized reserve should be added

together to give the figure for what it called "normal" requirements. In the case of corn, the normal needs—market demands plus reserve—totaled 3,668,000,000 bushels.

**Sliding Scale**  
It is at this point that the sliding scale came into play in determining the corn support rate at 87 per cent of parity. Obviously, the indicated supply of 3,940,000,000 bushels was considerably larger than the "normal" needs.

The law said that the price support rate could be reduced one percentage point below 90 per cent of parity for each two percentage points, or fractions thereof, that the indicated total supply exceeded the estimate of normal needs.

That is, a supply that exceeded normal needs by more than 2 per cent but by not more than 4 per cent would work out at a minimum support rate of 89 per cent of parity. Or, a supply that exceeded normal needs by more than 4 per cent but by not more than 6 per cent would give a minimum rate of 87 per cent, and so on until the rate dropped to the legal minimum of 82 1/2 per cent of parity this year and 75 per cent thereafter.

**Larger Supply**  
As it was, this year's indicated supply of 3,940,000,000 bushels was slightly more than 7 per cent larger than the estimated normal needs. Hence, a drop of three percentage points in the corn rate was authorized—that is, three points less than the legal maximum of 90 per cent, or 87 per cent.

There has been much misunderstanding about the sliding scale. The Agriculture Department must abide by it only as a minimum rate. It has authority under the law to set the support rate above the sliding scale minimum if it sees fit to do so.

Authors of the law did not want to tie the department to the sliding scale minimum because they could foresee the possibility that emergency conditions might arise that would make it advisable to encourage greater production of a given crop even though large supplies were already in existence.

This is not the full extent of the possible flexibility of the new support system. Should there be changes in either the estimate of the total supply or normal needs, or both, by the official harvest date—which, in the case of corn, will be next Oct. 1—the department could make increases in the previously announced support rate, but not decreases, if those changes warranted.

**Slightly Above Normal**  
For instance, suppose the crop turned out this year to be only 3,600,000,000 bushels instead of the 3,140,000,000 presently estimated. The total supply would be only 3 per cent above normal needs. The price support rate would have to be increased to 89 per cent of parity.

However, once a support rate is announced before the planting season, it is against the practice of the department to go below that level regardless of changes in the supply and demand factors.

The support rate for what has been announced at 82 1/2 per cent of parity, the minimum level permitted this year, because the total supply is so much larger than the normal needs than it is in the case of corn.

The support for cotton has been set at the 90 per cent maximum. The sliding scale allows a much larger supply in the case of this crop than for the others before price supports start declining. No

reduction may be made until the total supply exceeds 8 per cent of normal needs.

In addition, cotton was helped this year by a requirement in the farm law directing that a portion of the supply be set aside for special government disposal operations and excluded from the total supply in determining the support level.

Major types of tobacco will be supported at 90 per cent of parity. Most types are being grown under rigid production controls and the support rates for rice and peanuts have not yet been determined.

law directs 90 per cent floors for tobacco when controls are in effect.

## 'Malicious' Wooing Lands Woman in Jail

CHICAGO (AP) — A 52-year-old woman Wednesday began a six-month jail term for "malicious" wooing.

Mrs. Alma Chenier Ferguson was sued by Mrs. Theresa M. Pritchard, 42, for \$50,000. Mrs. Pritchard charged she alienated the affections of her former husband, Roy B. Ferguson, 49.

Ferguson had divorced Mrs. Pritchard and married the 32-year-old woman.

A circuit court jury termed Mrs. Ferguson's wooing "malicious" and awarded Mrs. Pritchard \$25,000.

The ruling stipulated that if Mrs. Ferguson didn't pay the damages—which she didn't—she must be jailed. Mrs. Pritchard must pay \$3.50 a week for Mrs. Ferguson's board while she is in county jail.

Under Illinois law, a defendant in a civil suit where the jury finds malice may be sent to jail for a term set by the jury for non-payment of a judgment. To do so, however, the plaintiff must pay the county \$3.50 a week for the defendant's board in jail.

After the divorce, the first Mrs. Ferguson took back her name by a former marriage, Pritchard.

## 18 Portland Chamber Members Go to Alaska

PORTLAND (AP) — Eighteen members of the Portland Chamber of Commerce left here Wednesday night for the chamber's annual Alaska business tour.

They flew to Fairbanks. From there they will go to other coastal cities and to the interior.

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