

Farm Legislation Fervor Seen as Conflict Over Economic Role of U.S. Government

By OVID A. MARTIN
Associated Press Farm Reporter
WASHINGTON (AP) — The election-year congressional battle over farm legislation is basically a fight over the economic role of government price supports.

It is the contention of Republicans—that is, those who back the views of the Eisenhower administration—that supports should be used to stabilize farm product prices and to help guide production upward or downward in line with market needs.

By stabilization is meant the avoidance of wide fluctuations during a marketing season.

Normally, prices tend to dip at harvest time, when supplies are abundant, and to advance later, as supplies decline.

Used as Pump

It is the argument of many Democrats, on the other hand, that price supports should be used to help pump a desired level of income into farmers' pockets. They are trying to push through legislation that would require supports for major products to be set at much higher levels than is favored by President Eisenhower and Secretary of Agriculture Benson.

Naturally, the higher the support the more buyers have to pay for farm commodities.

Use of the price support as a tool to help farmers was first tried on a broad basis in the '30s,

when Henry A. Wallace was Secretary of Agriculture in a Democratic administration.

In his annual report for 1955, Wallace gave his views as to what the function of the price support tool should be.

'True Function'

He said its "true function" was to "counteract fluctuations in market supplies and prices."

"It is not its function to maintain an average price level above that warranted by basic demand and supply factors," he added.

Wallace went on to warn against supports at "too high" levels. He said price support loans may properly be used to prevent prices from declining too rapidly, but that in general they should be handled so as not to impose excessive supplies or prevent export crops from moving freely into foreign trade.

Commodity loans at rates out of line with supply-and-demand conditions simply afford an opportunity for our foreign competitors to undersell us," he said. "They put the government gradually into possession of increasing proportions of the total commodity supply, and into control of the marketing machinery. That need not happen if we follow a rational policy in determining loan rates."

Losses Cited

GOP leaders, citing losses of export markets and the piling up of

big surpluses in government hands, say that high price supports of the war period proved Wallace to be prophetic.

During Wallace's tenure, supports for major crops varied between 52 and 75 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 must pay.

Congress raised most supports to a minimum of 90 per cent of parity to provide an incentive for increasing production during World War II. It was the intention then to return to the lower supports two years after end of

the war, thus giving farmers time to readjust to peace-time demand.

But in the postwar period, as prices started declining from levels far above the supports, Congress hesitated to pull out the 90 per cent floors lest it cause farm income to drop too sharply. Thus, the emergence of the philosophy that supports should be used as an instrument to maintain farm income.

Flexible Supports

In 1954, the Eisenhower administration persuaded Congress to adopt a flexible support system, with price floors ranging between 75 and 90 per cent of parity. It

argued — as did Wallace earlier — that high supports would not maintain income because they would deprive farmers of markets, force sharp cutbacks in production and rigid government controls.

The GOP argues that the way to increase farm income is to reduce the price-depressing surpluses, reduce farm production costs through adoption of more efficient methods and aggressive salesmanship.

But Democrats are pressing for re-adoption of price support measures for getting more money to farmers. They say the GOP meth-

ods are too slow, that many little farmers would be squeezed out in the meantime.

While Wallace's viewpoint on price supports was similar to that of the present administration, he did urge other measures to help give farmers a "fair" income when prices were too low to do that.

Make Up Differences

He would have used government payments to make up the difference between the market price and the parity price. In fact, he helped enact into law provisions for so-called "parity payments" on cotton, wheat, corn,

rice, tobacco and peanuts.

A successor — Charles F. Brannan — proposed an even broader use of the payment method of supplementing farm income. This was the controversial Brannan Plan outlined in 1948.

But at present, the Eisenhower administration is opposed to broad use of payments. It would use them to pay farmers to take land out of production under a soil bank plan, but such payments would do little more than offset income farmers would lose from idled land. The administration, however, helped get legislation authorizing, income-boosting pay-

ments for wool. It said payments on wool could be justified because larger production is needed.

Many farm leaders believe the government eventually will turn to payments, rather than high price supports, as a means of maintaining a fair farm income.

GIFT READY

MONTE CARLO, Monaco (AP) — The French colony of Monaco took up a collection and bought an 18th century tapestry as a wedding gift for Prince Rainier III and Grace Kelly. The tapestry, 10 feet by 10 feet, shows the goddess Diana resting after a hunt.

7 'Titoists' Said Freed

BELGRADE, Yugoslavia (AP) — The Yugoslav Communist party newspaper Borba reported Sunday that seven former Bulgarian leaders have been freed from prison. All had been purged as "Titoists."

The newspaper said the rehabilitation of Deputy Premier Traicho Kostov, executed in 1949 for alleged Titoism and high treason, is expected soon.

Borba said among those released

was Petko Kunib, former politbureau member and industry minister, who was sentenced to 20 years in prison in a trial in 1950. Ex-finance Minister Ivan Stefanov, also was reported freed.

Others include Nikola Pavlovic, former politbureau secretary; Stefan Bogdev and Nikolai Zagorshi, state security officials, and Ivan Maslarov and Koca Mido, central committee members, Borba said.

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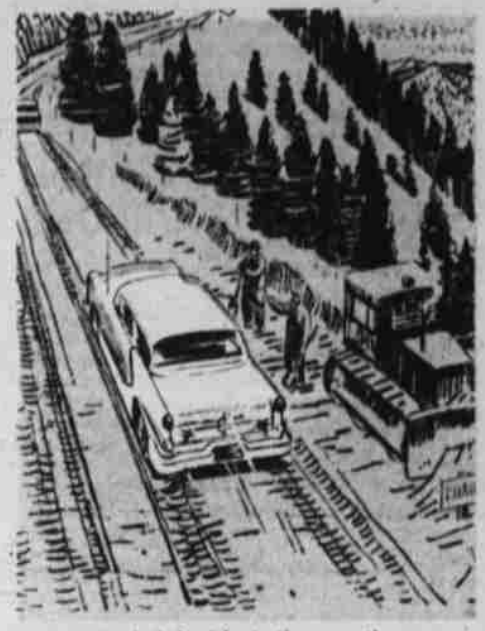
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