

President Outlines Agricultural Program

Editor's Note: The following is an excerpt from President Eisenhower's report to Congress on the agricultural situation and his recommendations for the future.

The people of the United States are living in a world of rapid change. Developments both abroad and at home require reemphasis in some of our efforts, redirection in others. This is true of defense, of education, of industry, and of labor. It is also true of agriculture.

The rapid changes taking place in agriculture are largely the result of a major breakthrough in agricultural science and technology. In recent years agriculture has been experiencing a veritable revolution in productivity.

A century ago, an American farm worker fed himself and three others. Today he feeds himself and 20 others. A century ago our population was 82 per cent rural. Today it is only one third rural and only 12 per cent of our population actually live on farms.

Farm production per man-hour has doubled since 1940. There has been more change in agriculture within the lifetime of men now living than in the previous two thousand years.

Changes of such magnitude place great stress on our farm people and on the social, political and economic institutions which serve them. Far-reaching adjustments are being made which involve the lives and hopes of 20 million men, women and children on the farms of America.

The scientific revolution in agriculture is irreversible and is continuing. It cannot be avoided and it need not be feared. In recognition of this basic fact, we must find ways of utilizing more completely the abundance that our farm people are now able to produce; we must find ways of further expanding markets for this increased production, not only among our own citizens but among people all over the world who need the food and clothing we produce in such abundance. At the same time we must help our farm people to cope with the sometimes harsh consequences of their own unparalleled ability to produce, while preserving and strengthening free enterprise and the family farm.

Prices received by farmers on the average are running three per cent above those of a year ago.

During the last two years, farm net income has stabilized following several years of decline.

Farm real estate prices are at an all-time high, reflecting a basic optimism in the future earnings power and security which farming and farm land ownership offer.

Three-fourths of our farms are owned by those who operate them, the highest percentage on record.

Total debt of our farm people equals only 11 per cent of total assets as compared with 19 per cent before World War II.

Exports of farm products, assisted by special government programs, reached an all-time high of 4.7 billion dollars during the year ending last June 30.

Surplus holdings of farm products in the hands of government appear to have passed their peak. Government investment in price supported commodities now stands at about seven billion dollars, one billion dollars below a year ago.

Substantial progress has been made in programs of education, research, conservation and other activities of proven merit. Work in all these areas has been substantially expanded.

With Government help, farm people, in the best American tradition, have gained bargaining power through their own farmer-owned and farmer-controlled cooperatives.

PROBLEMS
Yet key problems remain unresolved.

Rising production costs continue to limit net farm income. Prices of articles farmers buy more than doubled from 1939 to 1952. Since then they have risen three per cent. Prices received by farmers have not kept pace with their in-

creased production costs. These are hard facts every farmer faces.

Moreover, acreage controls have failed to bring agricultural production into line, despite the severe restrictions they impose on the individual farmer's freedom to produce and to market his products. And unrealistic price support laws, some of which date back to the Agricultural Adjustment Act of 1938, result, as farmers now realize, in loss of markets.

In my special agricultural message four years ago, I indicated that the secretary of agriculture would give attention to the problems peculiar to farm families with low incomes. As a result, the Rural Development Program was initiated. It is widening opportunities for those rural people on the lower rungs of the economic ladder.

RECOMMENDATIONS:

Basic agricultural legislation now on the books was originally devised as an emergency effort to cope with a depression, then changed to help fight a war, and subsequently revised again in an effort to meet the needs of peace. It has not been adequately modified to deal with the effects of the technological revolution in agriculture. This must now be done.

It is essential that the following major steps be taken this year to improve the status of rural people in greatest need, to aid agricultural adjustment, provide more freedom, expand markets, and, thereby, to help raise farm family income.

FIRST: The Conservation Reserve Program of the Soil Bank should be strengthened, and the Acreage Reserve Program terminated after the 1958 crop. The Conservation Reserve has shown promise in retiring marginal acres from crop production, in aiding the cause of conservation, and in taking whole farms out of production. The program is wholly voluntary and must remain so.

Because of its late enactment, the Acreage Reserve Program was hampered during 1956 in achieving production adjustment. And although the 1957 program succeeded in reducing wheat production by about 175 million bushels, cotton by 2 million bales, and corn by 220 million bushels below what it would otherwise have been, the number of farmers participating in 1958 is likely to be low, in part because of limitations that Congress imposed on the extent of participation by any one farm. So in the future the production adjustment accomplished by the Acreage Reserve is likely to be small.

SECOND: Authority to increase acreage allotments for cotton, wheat, rice, peanuts and tobacco should be provided. Under present legislation, acreage allotments and price supports for certain of the basic crops are determined by legal formulas. Under these formulas, allotments have already been cut sharply. Allotments for certain crops are likely to be reduced even further, despite growing evidence that acreage restrictions have not brought about needed adjustments.

Authority should be provided for the secretary of agriculture, in accordance with criteria which the secretary will propose to the Congress, to increase allotments up to 50 per cent above the levels determined by existing formulas.

The law already specifies that the secretary may provide price support at levels above those determined by formula, and this authority has been used. The law should also provide authority to increase acreage allotments when the statistical formula yields results clearly contrary to the general interest. But any acreage increases must be related to price adjustments which will permit the growth of markets necessary to absorb the increased production.

Such liberalization of acreage allotments as is possible would permit greater efficiency and higher incomes for small farmers who now are sharply restricted in the size of their operations.

THIRD: Acreage allotments for corn should be eliminated. The corn program has not worked. Huge surpluses have accumulated. As surpluses rise, present legisla-



DWIGHT D. EISENHOWER

tion provides that allotments must shrink. As allotments shrink, participation in the corn program dwindles. A year ago, 62 per cent of the corn farmers who voted in the referendum favored the elimination of corn acreage allotments. In 1957, only about 14 per cent of the corn production in the commercial corn area was eligible for the full price support. Thus, as allotments shrink, participation spirals downward, and price-depressing surpluses spiral upward.

FOURTH: The escalator clauses in the basic law should be abolished. Provisions now in the law require that price supports be raised as soon as the surplus is reduced. This means that as one surplus is moved, incentives are automatically provided to build another. Until this basic law is changed, farm people can expect to be kept continually under the shadow of price-depressing surpluses.

The Soil Bank and surplus disposal programs have already cut deeply enough into our surplus to throw these escalator clauses into action to build more surpluses. Elimination of these escalator clauses is necessary if surplus disposal program and the Soil Bank are to achieve their purpose.

FIFTH: The overall range within which price supports may be provided should be substantially widened. Presently, price supports must be provided by rigid formula for cotton, wheat, corn, rice, peanuts, tobacco and dairy products between 75 and 90 per cent of parity. This range is too narrow to permit the growth of markets needed to absorb the production which, despite acreage controls, our farms appear certain to produce. Price supports for the above-named commodities should be determined administratively between 60 per cent and 90 per cent of parity, using the eight guidelines now provided by law for practically all other commodities. This needed change in price-support policy would open the door to market expansion, increased acreage allotments and greater freedom to produce.

For commodities like the feed grains, with respect to which the secretary of agriculture has had wide discretion in the past, price support has been offered at levels as high as could be justified under the criteria specified by law. This will be the secretary's practice under the recommended legislation.

SIXTH: Price supports for cotton should be based on the average quality of the crop. For cotton the law specifies that supports must be based on a grade that is far below the average quality. The law should be corrected to put cotton price supports on the same basis as for all other crops.

SEVENTH: The membership of the Commodity Credit Corporation Advisory Board should be enlarged and the board's responsibilities increased. The recommended changes in determining acreage allotments and price support levels will make additional administrative discretion a necessity. To assist the secretary of agriculture in

exercising this discretion, the bipartisan Commodity Credit Corporation Advisory Board should be increased in number from five to seven. Members should be appointed by the President as at present, but with confirmation by the Senate. The board should advise the secretary regarding the establishing of price supports, determining of acreage allotments and related subjects.

EIGHTH: The Agricultural Trade Development and Assistance Act should be extended. This law is one of the major authorities for moving surplus commodities. The law should be extended for one year with an additional \$1.5 billion authorized for sales for foreign currencies. But it must not, however, be allowed to become a device to postpone needed production and price adjustments. The extension should be limited to one year to give Congress the opportunity for annual review.

NINTH: Research efforts aimed at increasing industrial uses of farm products should be expanded. Our farms and forests are a major source of our raw materials. To a greater degree than at present, these raw materials can be used in industry, thereby broadening markets for our abundant farm products. New uses and new markets can be developed for our surplus crops. To bring this about, increased utilization research is needed and is proposed in the Budget Message. This will be moving in the direction recommended by the President's Commission on Increased Industrial Use of Agricultural Products.

In addition to the nine steps outlined here, the Congress should, as recommended in the Budget Message, (1) extend the National Wool Act, (2) continue the special school milk program, (3) broaden the sources of funds for the Rural Electrification Administration, (4) require state participation in programs to relieve the effects of drought or other natural disaster,

and (5) improve conservation accomplishment by restricting cost-sharing to those practices which achieve longer lasting conservation benefits.

These several recommendations constitute a Farm, Food and Fiber program which will assist our farmers to adjust to today's rapidly changing economy. It is a progress program that can make a substantial contribution to the well-being of America's farm families.

THE COVER

The cover picture for this week's Herald and News Magazine Section of Klamath Basin Living was taken by staff photographer Don Kettler at Oregon Technical Institute. Jan Stevens, left, of Medford, and Larry Cox, right, of Roseburg, are shown in one of the biochemistry laboratories conducting an experiment. A 4 x 5 Crown Graphic camera was used set at f 32 and 400th of a second using extension flash.

Ford Trucks Last Longer on the FARM

See your Farm Truck Headquarters **BALSIGER MOTOR CO.**

Main et Esp. Ph. TU 4-3121

SCREWS

WE HAVE THEM ALL IN STOCK

- Log Screws
- Brass Screws
- Bright Screws
- Blue Screws
- Cadmium Plated Screws
- Nickel Plated Screws
- Oval Heads
- Flat Heads
- Round Heads
- Machine Screws Flat
- Machine Screws Round

All Lengths and Sizes in Stock.

HEATON Steel & Supply

420 SPRING STREET TEL. 2-3427 KLAMATH FALLS, OREGON