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Congress of the United States
House of Representatives
Washington, D.C. 20515

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WHEAT LEGISLATION MEMORANDUM #1

February 1, 1964

Certificate Plan -- (Purcell - McGovern Bills)

A great deal of confusion obviously exists following incomplete reports that the Wheat Subcommittee, on January 27, approved a wheat certificate plan for 1964 and 1965. Reports can be one thing and facts quite another, hence it should first of all be made clear that when the Subcommittee acted there was not a bill, but only a mimeographed suggested bill, before us. The action in the Subcommittee came on a motion that our Wheat Subcommittee Chairman, Graham Purcell, introduce a bill and after its introduction report it to the full Committee on Agriculture "without recommendation", hardly a ringing endorsement. Following the Subcommittee's informal and unusual action, a bill was introduced by the Subcommittee Chairman on January 28.

I opposed the motion for two reasons. First, the Wheat Subcommittee (13 members) has the primary responsibility to come up with some positive recommendation on wheat legislation, or determine legislation is not necessary. How can the full Committee on Agriculture (35 members) and the House of Representatives (435 members) decide on a program when 13 members on the Wheat Subcommittee have failed to meet their responsibilities after weeks of hearings and discussion? Second, there was not ample opportunity to study or consider the exact language of the mimeographed proposal; it was not even fully read, amendments were not offered, and in fact, it was before us less than 3 hours.

My brief experience in Congress has shown that a general outline and exact legislative language are often very different, and I feel farmers, their organizations, the Department of Agriculture, and members of the Wheat Subcommittee should carefully examine the wheat proposal and then act one way or the other, not just "pass the buck" by reporting

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it to the Full Committee without recommendation. HR 9780 (the Purcell Bill) has now been printed. I have examined the language of the Purcell Bill and have found provisions substantially different from recommendations of many persons who sincerely and vigorously support some type of "certificate" approach.

The following, for example, is a comparison of recommendations of the National Association of Wheat Growers adopted at their Annual Convention in Amarillo, Texas, on January 7-10, 1964, and the actual language which appears in HR 9780.

Wheat Growers Association Recommended: (exact quote)

"The Assn. reaffirms its position of approval of a certificate program for wheat. Specifically, we propose a voluntary certificate program with the proper incentives to insure maximum participation, and to be effective with the 1964 program and subsequent crop years."

Purcell Bill

This bill does not contemplate a voluntary certificate program for 1964 and subsequent years. It suspends strict controls for only one year, 1965. Farmers themselves voted down these controls for the 1964 crop.

Let's look at each of 8 specific points recommended by the by the National Association of Wheat Growers last month and compare them to the new bill, HR 9780:

1. Wheat Growers Assoc. recommended (exact quote): "The program should be financed through a system of marketing certificates."

Purcell Bill: The marketing certificates are severely limited. The domestic food certificates at 70¢ each would be available on 500-million bushels of production. Export certificates at 25¢ each would be limited to the first 500-million bushels of export annually. Our normal exports are in the neighborhood of 700-million bushels annually. The balance of the complying producers' production would be eligible for the \$1.30 loan.

2. Wheat Growers Assoc. recommended (exact quote): "The income objective for wheat should be substantially above 1962 levels, due to continually increasing capital and production costs. If agriculture is to help maintain a healthy and stable national economy, its income must be comparable with labor and industry."

Purcell Bill: The income level of this bill falls substantially below the 1962 level. According to the Departmental testimony, wheat income in 1962 was \$2.47-billion. The Purcell bill is patterned after the McGovern bill, but it yields a blend price for wheat of about \$1.70 per bushel which is substantially less than that envisioned by the McGovern bill. The reason is that the McGovern bill contemplates 70¢ certificates

-3-

on 950-million bushels of domestic food and export wheat. The Committee has not yet received the income estimate under the Purcell Bill (HR 9780), but based on the testimony given to the Subcommittee so far, the average return to the farmer at \$1.70 per bushel with a national allotment of 49.5-million acres will be significantly smaller than wheat farm income in 1962 when the price support was \$2.00 per bushel on all the production from farm allotments based on the then 55-million acre national minimum allotment. A \$1.70 per bushel for wheat, incidentally, is less than 70% of parity.

This difference between the McGovern and Purcell bills amounts to \$190-million. In other words, this much less income for the American farmer.

3. Wheat Growers Assoc. recommends (exact quote): "Diversion payments, as a part of the program should be retained in order to achieve income objectives."

Purcell Bill: According to the USDA witnesses, diversion payments under the new bill would be at 20% of the normal yield times the \$1.30 loan level. This would be from \$5-\$8 per acre. The 1963 program for example provides diversion payments at 50% of normal yield times the \$1.82 loan level. Obviously, the new bill will cut down the farmers income in this regard.

4. Wheat Growers Assoc. recommends (exact quote): "The substitution clause, permitting substitution between wheat and feed grain planted acreage, should be a part of the voluntary wheat program for 1964 and subsequent crop years.

If an individual farmer elects to use the substitution clause, he should be subject to all the requirements of both the voluntary wheat certificate program and the voluntary feed grain program. If he does not choose to use this clause, he should have the privilege of qualifying for either program or both programs."

Purcell Bill: There is no substitution in the new bill. Instead, section 328 of the Food and Agriculture Act of 1962 will apply. This provision gives the Secretary of Agriculture discretion on substitution of wheat and feed grains "to such extent and subject to such terms and conditions as the Secretary determines." The option of using the substitution clause would not rest with the individual farmers, but rather would be with Secretary Freeman.

5. Wheat Growers Assoc. recommends (exact quote.): "The provisions of the "Anfuso" amendment should apply in 1964. After 1964, whenever the program is on a voluntary basis, there should be no increase or decrease in the size of the allotment because of non-compliance."

Purcell Bill: ~~The new bill keeps the Anfuso Amendment in effect for 1964, but it suspends its operation in 1965. In 1966 and subsequent years it would again apply.~~

~~As~~ I indicated last year, the Anfuso Amendment as interpreted by this Administration would penalize farmers in Kansas and those in other historical wheat producing areas while permitting the 15-acre producer to overplant and overharvest without threat of loss of history. Examples from the USDA "Crop Production" report dated December 19, 1963, indicate seeding of winter wheat in Kansas was the same in 1963 as 1962 (10,641,000 acres), whereas there was a 100% increase in Mississippi, 90% in Arkansas, a 30% increase in North Carolina, a 25% increase in Alabama, a 12% increase in Missouri, and so on.

The point is not whether the farmer overplants and overharvests but that our government has no legal justification for reducing history if the wheat producer does not receive benefits. Despite this, the Anfuso amendment will take away a very valuable property right from the farmer who overplants and overharvests, though in so doing he will not receive price support or other benefits. If the farmer benefits, it follows he should comply, but our Constitution should protect all of us from the taking of property "without due process of law."

6. Wheat Growers Assoc. recommends (exact quote): "Amend the act to permit the issuance of marketing certificates if:

- (a) A producer is unable to seed his crop because of adverse weather, and he cannot later seed another crop in the same marketing year.
- (b) If the producer owns sufficient wheat from previous crops, whether or not it is penalty wheat stored under bond, to cover his marketing allocations.
Section 379 (a) (c)"

Purcell Bill:

- (a) The new bill allows certificates only on planted wheat acreage. It does not allow certificates to be issued in the event a farmer is unable to seed his crop because of adverse weather.
- (b) The new bill does not deal with the "hot wheat" provisions of existing law. Certificates would not be issued on "hot wheat". Since marketing quotas would not be effective for 1964 and 1965, there would be no need for wheat being stored under bond. In addition, the Anfuso amendment would still apply in 1964 even if a farmer stored "hot wheat" under bond.

7. Wheat Growers Assoc. recommends (exact quote): "We recommend that provisions be made for a grower , who harvests acres in excess of his allotment and normal conserving, to store at his own expense and under bond, this production, and still be eligible for price support and certificates for 1964 and subsequent years.

Purcell Bill: There is no provision in HR 9780 for harvesting and storing excess wheat production which would be eligible for price support and certificates in subsequent years.

8. Wheat Growers Assoc. recommends:(exact quote): "If, penalties are provided in the new legislation, there should be no small farm or other exceptions.

Purcell Bill: The new bill suspends marketing quotas and penalties for the 1965 crop (farmers suspended 1964 marketing quotas and penalties by their referendum vote last May). In 1966 marketing quotas and penalties could again be in effect. In fact, a year from now, in the Spring of 1965, wheat farmers could well be voting again in a referendum on the 1966 crop of wheat. Such a program would include the small farm exemption and these farmers would all be eligible to vote because HR 9780 does not changes these provisions of law.

As can be seen, the Purcell bill is a "horse of a different color" and differs significantly from the recommendations made at the National Association of Wheat Growers Convention.

I still hope that the full committee can work out a voluntary wheat program which will raise farm income well above the level it is scheduled to fall under the Administration's Food and Agriculture Act of 1962.

Last May 23, 20 members of Congress introduced legislation which embraced voluntary principles, provided price supports and diversion payments only to participants. It embraces wheat and feed grains and would apply to the 1964 and subsequent crops. This bill was introduced after considerable study and research. Hearings were held on this measure last July and, strangely enough, many who now express interest publicly were at that time stating, "it was too early to tell", "the farmer should stew in his own juice", and "there should be another referendum in 1964." I was not one of these and, in fact, still believe a reasonable compromise could be worked out in Wheat Subcommittee to strengthen farm income.

Before the Wheat Subcommittee became side-tracked on the so-called "Purcell Bill" we were reaching nearly unanimous agreement on a number of basic points, but it is now apparent during all this time some knew what the Administration wanted, so, in effect, the rest of us were apparently "spinning our wheels". Some of the things discussed in Wheat Subcommittee for a total of nearly 20 hours include, but are not limited to, the following:

1. Increased price support loans effective July 1, 1964.
2. Increased release price to 115% of loan price, plus carrying charges in an effort to strengthen the farmers' income.
3. Authorize temporary acreage diversion payments for those in compliance this and subsequent years.
4. Repeal marketing quotas, for 1965, and subsequent years, and also provide authority to permit those who overseed and overharvest to avoid "loss of history" by storing under bond at their own expense.
5. Extend Conservation Reserve contracts which expired December 31, 1963, and those expiring in subsequent years.
6. Repeal or suspend provisions requiring a referendum.

CONCLUSION

These are some of the things discussed which, in my opinion, would be beneficial to the Kansas wheat producer. You may be assured of my continued interest in a voluntary type program. As indicated to Mr. Anson Horning, President of the National Wheat Growers Association, recently, I have an obligation to represent the diverse views of all wheat growers in my district, not simply to serve as a delegate for the Kansas Wheat Growers Assoc., the Kansas Farm Bureau, the Kansas Farmers Union, the Kansas Grange, or any other farm organization.

One of the leading authorities on agriculture, Dr. Walter W. Wilcox, Agriculture Specialist, Library of Congress appeared before our Committee on July 22, 1963 to testify for the McGovern Bill. He made one statement which indicates the McGovern-Purcell type bill is not truly voluntary. His exact words were:

"Ineligibility for wheat certificates worth 70 cents per bushel on approximately 75 percent of a producer's marketings in recent years

and ineligibility for wheat and feed grain price support loans, would be sufficient penalty to assure a high degree of voluntary participation."

On January 7, 1964 Secretary Freeman was before our Wheat Subcommittee. I asked him the following questions concerning voluntary aspects of the McGovern type bill and what price a person who did not wish to participate would receive for his wheat:

Mr. Dole..."But, market price would necessarily be about feed price."

Sec. Freeman..."Yes, that is correct."

Mr. Dole..."So actually you either go in the program or you accept the feed price for your wheat."

Sec. Freeman..."That is correct, that is right."

These two statements leave me in doubt as to whether the "Purcell Bill" is truly a voluntary program. In view of this and other serious differences between the National Wheat Growers' recommendations and the "Purcell Bill", I would appreciate your studying this information carefully and giving me your views.

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YOU MIGHT BE INTERESTED IN READING A COPY OF A LETTER DATED FEB. 3, 1964 FROM W. L. CROUCH, PRESIDENT OF THE "COLORADO ASSOCIATION OF WHEAT GROWERS" WHICH IS ATTACHED HERETO. IT IS REFRESHING TO NOTE THE COLORADO WHEAT GROWERS ARE SINCERELY CONCERNED WITH WHEAT LEGISLATION AND THAT THEY RECOGNIZE THE INEQUITIES IN THE PURCELL BILL. IT IS UNFORTUNATE CERTAIN OFFICIALS OF THE NATIONAL WHEAT GROWERS ASSOCIATION APPEAR MORE CONCERNED WITH PUBLIC RELATIONS EFFORTS AND TAKING ISSUE WITH MEMBERS OF CONGRESS THAN IN IMPROVING THE ROLE OF THE AMERICAN WHEAT PRODUCER.