

BOB DOLE
1ST DISTRICT, KANSAS

244 CANNON HOUSE OFFICE BUILDING
CAPITOL 4-3121, EXT. 2715

COMMITTEE:
AGRICULTURE

DISTRICT OFFICE:
210 FEDERAL BUILDING
HUTCHINSON, KANSAS 67501

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

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WHEAT LEGISLATION MEMORANDUM ¹³

April 20, 1964

The Wheat-Cotton bill has been enacted into law, signed by President Johnson, Saturday, April 11, 1964. The bill passed the House of Representatives early Thursday morning (about 12:30 a.m.), April 8, 1964. Because of your interest, I thought you might be interested in some of the "Wheat Legislation" background.

On May 21, 1963, U.S. wheat growers rejected the Administration's wheat certificate plan in the referendum. On May 23, 1963, two days after the referendum, I joined twenty midwest Congressmen (all representing wheat producing districts) who introduced bills to provide a voluntary combination wheat and feed grain program--legislation that would give the farmer a greater degree of freedom in conducting his operations. These bills languished before the House Agriculture Committee month after month; and hearings before the Wheat Subcommittee in July, 1963, and subsequent meetings of the Subcommittee were, as it turned out, mere window dressing.

It was not until January, 1964, (after Kansas wheat was planted) that the Wheat Subcommittee seriously considered the problem--but again, little was actually done. On January 6 the wheat hearings before the House Agriculture Subcommittee commenced, but it was clear the Johnson Administration would not support anything but a multiple price plan.

The Senate passed the Cotton bill (HR 6196) March 6, 1964, and, as you perhaps know, added a wheat provision to it. Though nothing had yet been done by the House Agriculture Committee, Administration strategists were making plans and on March 11, 1964, at a hastily called meeting, the Agriculture Committee--by a vote of 20 to 14--passed the Purcell bill; then substituted in its place the language of the Senate permitting passed Wheat bill. This was done in a matter of minutes without any questions or clarification of key provisions added by the Senate.

I would point out that when the Wheat-Cotton measure was before the Senate, the bill was considered for over a week. Each Senator had every opportunity to discuss the bill at length and offer amendments if he wished. This right was denied the 435 House Members who had a total of only one hour (less than nine seconds per Member) to discuss a bill of vital concern to millions of wheat and cotton farmers.

Even before the bill was "considered" by the House, it became obvious that an understanding had been reached between Southern supporters, interested in the Cotton section of the Wheat-Cotton bill, and urban Congressmen, interested only in the expensive Food Stamp bill costing over \$400 million for three years. Once an agreement was reached, the House Democrat leadership resorted to the unusual procedure of requesting from the Rules Committee a "gag" (no amendment) rule which limited debate to one hour and prohibited any amendments. The rule was granted--House Members had one hour--no amendments were allowed; in other words, "take it or leave it." Two Democrats on the Rules Committee did not vote for this procedure but the Administration again had ample votes.

According to the well-laid plan, the Food Stamp bill was considered first and passed as predicted. About an hour later at 12:21 a.m., Thursday, the Wheat-Cotton bill was "rammed" through the House and passed by a vote of 203 to 211. It is rumored the "Tobacco Research bill," to spend more millions to eliminate any link between smoking and cancer, and a modified pay raise bill, including raises for Congressmen, are also part of the arrangement. It will be interesting to see if some Members who previously voted against a congressional pay raise will find it necessary to reverse their position.

THE NEW WHEAT LAW

Remember: the Wheat bill enacted April 11 will mean some \$200 million less income for wheat producers than they received in 1963. The reason is simple. Under the 1963 program, complying farmers received \$2.00 a bushel for all wheat produced on their allotment. Not so under the new law. The bill provides what is generally referred to as the 45-45-10 formula. The complying farmer will receive \$1.30 loan plus a 70¢ certificate on 45 percent (his share of domestic production) of an average normal yield (not his total yield). On another 45 percent (his share of export wheat) of his average normal yield (not total yield) he receives \$1.30 plus a 25¢ certificate. A complying farmer will receive price support of \$1.30 per bushel for the balance of his production.

As a condition of eligibility, an acreage of cropland on the farm equal to 11.11 percent of the/allotment must be retired, and for doing this the farmer will receive a diversion payment of 20 percent of the normal yield (1/5 of average yield multiplied by \$1.30). Obviously the bill enacted is not a "\$2.00 wheat bill," as the blend price will be around \$1.72 - \$1.75, with the farmer getting only about 72 percent of parity.

A non-complying farmer will not receive support price, but if he "overplanted" and "overharvests" he will lose, according to USDA officials, 6% to 8% of wheat history, and in effect he will be penalized even though he does not receive benefits.

I agree that farm programs should be designed to aid "compliers" but, by the same token, not designed to punish "non-compliers."

It will be a sad spectacle if the Administration seeks to depress the market price for wheat for any reason, but Secretary Freeman has done it previously under the 1961 and 1962 feed grain programs. Wayne Darrow, who has an excellent record of accurately guessing what the USDA policy will be, stated in his WASHINGTON FARMLETTER of April 17, 1964:

"CCC will make wheat stocks available at minimum resale rate in July-August, during the adjustment period for certificate wheat. Minimum rate is loan plus 5% and reasonable carrying charge--about \$1.37 at the farm, some 25¢-27¢ more in Chicago. That or market price.

"This is not necessarily an all-year sales policy, though we expect it to continue because officials have indicated they want to hold the price down to save money on export subsidy. Aim also is to encourage participation in 1965 voluntary program, though officials don't say it."

ASSURANCES REQUESTED--NOT RECEIVED

Prior to House consideration of the Wheat-Cotton bill I requested USDA assurances on the following: 1) that the release price for the sale of Commodity Credit stocks of wheat would be increased from 105 percent of the support price, plus carrying charges, to 115 percent--thus protecting the farmer from any dumping of CCC stocks which would depress the market. 2) that diversion payment rates would be increased from 20% to near the maximum level permitted. (Certainly a diversion payment to a farmer who has an average yield of 20 to 25 bushels of \$5.00 to \$8.00 an acre is not sufficient.) 3) a statement that Kansas farmers would not suffer a loss of acreage because of the one million acre "special reserve" authorized by the Senate bill. 4) that the value of the export certificate be increased from 25¢ per bushel to a higher figure.

No assurances were forthcoming though I discussed this matter personally with Secretary Orville Freeman and Edwin Jaenke, Associate Administrator, ASCS. On the basis of this and other reasons I did not feel were in the best interest of wheat producers, I voted against the Wheat-Cotton bill.

POINTS OF IMPORTANCE IN THE NEW LAW

There has been a great deal of information distributed through the press from the Department of Agriculture; hence many perhaps fully understand the new program. Some have written for information regarding certain aspects of the new program and since others might have similar questions, I am listing a few points which might be of interest to you.

1) While the wheat program is described as completely voluntary, farmers should understand that if they have overseeded their allotments, and if they overharvest, they will be subject to the same provision of law which has been in effect in the past whereby those who overseed will lose acreage history. This amounts to a loss of 6% to 8% of the farm allotment.

2) It will not be possible for those who overseeded to store excess wheat under bond in 1964, but it will be possible in 1965.

3) Farmers have asked if they would lose their allotment if they did not plant any wheat. The law says, "beginning with the 1960 crop, the current farm acreage allotments established for a commodity shall not be preserved as history acreage--un- less for the current year or either of the two preceding years an acreage equal to 75% or more of the farm acreage allotment for such year was actually planted (or was regarded as planted under the provisions of the Soil Bank Act or the Great Plains program)." In other words, if you planted at least 75% of your allotment in 1963, you could plant no wheat in 1964 and 1965 without losing your allotment.

4) It is not necessary for a wheat farmer to participate in the 1964 feed grain program to be eligible to participate in the wheat program. It will be necessary for all farms having wheat allotments which are owned or operated by one individual to participate in the wheat program in order for any one farm to be eligible to participate.

5) In order to receive certificates, wheat must be planted on the farm, but certificates will be issued if no wheat is produced due to crop failure.

6) The sign-up period for the 1964 wheat program will extend through May 15, 1964.

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If you have any further questions, write or call me.

BOB DOLE
244 Cannon House Office Bldg.
Washington, D. C. 20515

Office Phone: CAPitol 4-3121
extension 2715