

May 22, 1963

### BRIEF OUTLINE OF THE FEED GRAIN AND WHEAT ACT OF 1963

The proposed completely voluntary program would apply to wheat, corn, grain sorghum, barley, and at the discretion of the Secretary, oats and rye.

If the Secretary should find that there will be a supply of designated grain in excess of a "normal supply," he would put into effect a special agricultural conservation program, based on four principles:

1. It would be voluntary. Price support and diversion payments would be available only to those who retire acreage from production.
2. It would require land retirement and conservation as a condition of eligibility for program benefits. A minimum 20 percent would be required with an optional and additional 30 percent reduction allowed.
3. It would use only payment-in-kind for making diversion payments. The Secretary could, however, advance the producer cash in anticipation of the sale of grain, but there would be no direct payments, as provided under the 1963 feed grain program.
4. It would be based on a market economy. The CCC release price for surplus grain in inventory could not be less than 105 percent of current support price, plus reasonable carrying charges. When the supply of grain is back to a "normal supply," this release price would be 115 percent of the current support price, plus reasonable carrying charges, and CCC would be required to make equivalent market purchases for grain which has been sold as being "out of condition."

### OTHER MAJOR PROVISIONS INCLUDE

- (a) Time: Applicable to 1964 and subsequent crops.
- (b) Support Price: 65 to 90 percent of parity when the special agricultural conservation program is in effect.
- (c) Base period: 1959-60-61.
- (d) Diversion rates: Up to 50 percent of normal production times county support rate on first 20 percent reduction; also at farmer's option up to 50 percent on next 30 percent reduction.
- (e) Optional longer term retirement: Up to 60 percent diversion payment for acreage diverted for periods of from 3 to 5 years.
- (f) Advance payments: Up to 50 percent in kind at sign-up-time.
- (g) Diverted acres: Control weeds and pests. Allow oilseed crops at up to one-half regular diversion rates.
- (h) Small farms: Allow retirement of entire farm base if less than 40 acres.

The permanent price support law on wheat and feed grains would be amended to establish price supports on the designated grains at 90% of the previous 3-year market average unless a special agricultural conservation program were in effect.

All acreage allotments and marketing quotas on the designated grains would be repealed. There would be no referendum.