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AGRICULTURE
GOVERNMENT OPERATIONS
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FEDERAL BUILDING
TOPEKA, KANSAS 67530
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Congress of the United States
House of Representatives
Washington, D.C. 20515

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STATEMENT OF HONORABLE BOB DOLE (1ST DISTRICT, KANSAS)
BEFORE THE LIVESTOCK AND GRAINS SUBCOMMITTEE
OF THE HOUSE AGRICULTURE COMMITTEE
JULY 11, 1967

Mr. Chairman and members of the Committee: I appreciate this opportunity to appear before this Committee in support of H. R. 6437, which I introduced on March 1. The bill would amend the Agricultural Adjustment Act of 1938, as amended, to permit advance payments to wheat producers who participate in the current wheat program. The bill would permit payment of up to 50% of the payments represented by domestic marketing certificates to participating producers in advance of determination of performance.

A similar provision has been included in the cotton and feed grains programs for a number of years. H. R. 6437 would essentially put the wheat program and wheat producers on a par with these other programs.

Under the feed grains program, farmers indicate in the Spring, at the time of sign up, which usually starts about February 1, their intent to participate in the feed grains program. The feed grain producer may receive his diversion payment shortly after sign up and often before the crop is actually planted. Cotton growers are also entitled to advance payments in the Spring, even though their crop is harvested in late summer. Kansas wheat is a Fall-planted crop, but under the present program, the wheat farmer cannot receive payment on his wheat certificates until after harvest and compliance has been determined -- 5 to 6 months later than advance payments to growers of feed grains and cotton. Present procedures for issuing wheat certificates provide that farmers declare their intent to participate in the wheat program at the time of Spring sign up -- usually starting about February 1. Payments on the wheat certificates are made starting about July 1 after compliance has been determined. Participants in a single program, wheat for example, usually will receive payment sometime in July. Those participating in both the wheat and feed grains program normally receive their payments in August. I believe advance payments on wheat certificates made soon after Spring sign up are justified to an even greater degree than advance payments on feed grains and cotton, which, as I have pointed out, for the most part are Spring-planted crops.

In 1964 a Fall sign up was conducted for the 1965 wheat crop. Sign up began on August 24 and continued through October 2. Farmers were permitted to change their intent at the time of Spring sign up if any change was necessary. If a Fall sign up

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(similar to 1964 procedure) were followed now, farmers could receive advance payments on wheat certificates in September -- some 10 months earlier than under present procedures. In my opinion, we could and should support the farmer through advance payments on wheat certificates because of his key role in the overall national economy and as guardian of our food supplies -- a strategic weapon for national security.

The Department, in its official report on this legislation, presents two reasons for opposing my bill. First, they say the bill is not needed; and second, they say the theory of the present program is better implemented without advance payments. These do not seem to be valid objections. I would point out that the wheat program should be designed to benefit the wheat producer to the maximum extent possible. It should also give the wheat farmer the maximum number of options. Under my bill, the individual wheat farmer would decide whether advance payments were needed, not the U. S. Department of Agriculture. Certainly the Department does not advocate a repeal of advance payments for cotton and feed grains producers on the grounds that these payments are not needed. Conversely, I can see no legitimate objection to extending the same option to wheat farmers.

Furthermore, I see no complication or violation of the theory of the present wheat program. The advance payments under my bill would be based on an estimate of what the full parity price for wheat would be in July. If the parity price in July were different than the estimate, the second payment could easily be adjusted for the change.

I need not remind any of you of the importance of a strong agricultural economy to the nation as a whole. Agriculture's first responsibility is to provide an abundant supply of quality food and other farm products at reasonable prices for both domestic and export needs. If the farmer is to produce adequately, then he should be compensated adequately for his labor and investment. An efficient producer is entitled to a level of income which will enable him to earn returns such as are realized on similar resources outside of agriculture. "Comparable returns" are to be understood to take differences in rural and urban costs of living into account.

Kansas produces on the average some 200,000,000 bushels of wheat per year. Participation in the wheat certificate program averages about \$140 million per year. A 50% advance payment would inject \$70 million into the agricultural economy 5 to 6 months sooner than under present procedures.

Also, advance payments on wheat certificates would materially assist the farmer in financing his investment in both Fall- and Spring-planted crops. He has a considerable investment in seed, fertilizer, as well as the cost of seed bed prepar-

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ation and operating costs in planting the crop. Many of the wheat farmers now must secure high interest loans to finance their Spring planting operations.

The net farm income picture is not encouraging, and the farmer needs whatever help we can offer. In April of this year the parity ratio dropped to a low of 72 -- on May 15 the ratio was at 74. Parity ratio is a comparison of farm income using the years 1910-1914 base of 100. Although gross farm income prospects show an upward trend, the probability that farm production expenses will rise again this year indicates a decline in realized net farm income of possibly 5%, or more, from 1966 totals.

Providing for advance payments on wheat certificates would be extremely helpful to the wheat producer, and I urge the Committee to give favorable consideration of H. R. 6437.