

Congress of the United States

House of Representatives

Washington, D.C. 20515

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MEMORANDUM FOR THE PRESIDENT FROM SENATOR DOLE REPORTS FROM WASHINGTON FOR RELEASE: WEEK OF AUGUST 21, 1967

FARM INCOME OUTLOOK BLEAK

The Johnson Administration seems to be looking the other way while the bottom falls out of the U. S. grain market. The long, downward slide in farm prices, which began nearly a year ago, hit disaster levels last week with a further wide open market in the wheat and feed grain markets.

Commodity Prices Hit Skids

Hard red winter wheat produced in the Plains states is down nearly 40 cents a bushel from a year ago at Kansas City. Chicago wheat is down about 45 cents from August. Corn is off 30 cents per bushel. Soybeans, which brought \$3.81 a bushel in Chicago a year ago, are now bringing \$2.76 -- more than a dollar down.

Meanwhile, farm operating costs reach new peaks every month. They will jump higher after the 3 percent railroad freight increases become effective August 19. Farmers would have to go back to the 1930's to find a comparable cost-price squeeze.

Administrative Remedies Available

The Administration appears to be so preoccupied with its Great Society domestic programs that it does not seem to know, much less care, about what is happening to the agricultural economy. The following are actions the President and his Secretary of Agriculture can take if they wish to exercise immediately the administrative authority they already have to improve farm income.

1. Freeze completely present stocks of wheat and feed grains in CCC inventory and increase the resale price on these holdings from the present 115% of the market to at least 135%, plus carrying charges.
2. Step up lagging shipments of grain to needy countries under the "Food for Peace" program. Wheat and flour exports from the United States dropped from 859 million bushels in the 1965-66 crop year to 733 million in the crop year ending June 30.
3. Increase the government loan rate on storable farm commodities by 12½%.

The above steps would, in my opinion, reverse the disastrous drop in farm income. As I have indicated, the authority already exists for the Secretary of Agriculture to bring them into being.