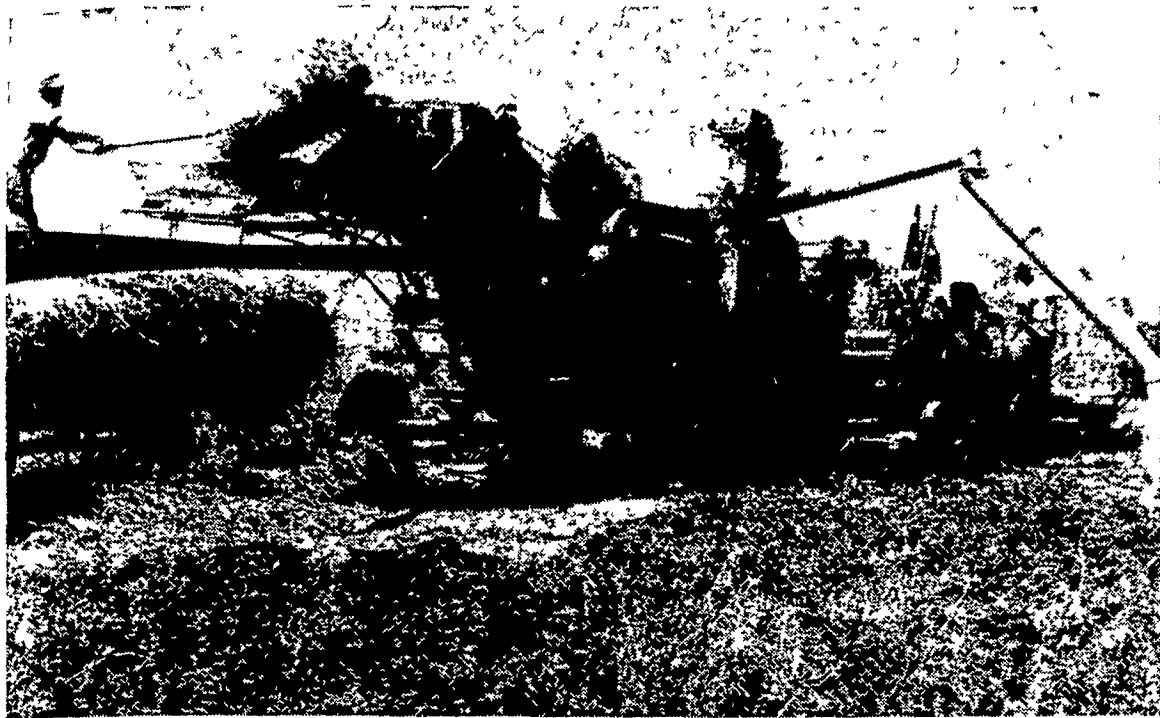


Remember Those Days?



Remember the days of the blowing chaff, the pounding separator and the chuffing steam engine? And the whistle that indicated it was time to start or stop? Many of these memories were recalled on the Abram R. Herr farm in Colerain township at a recent old-time threshing bee. (Lancaster Farming Staff Photo) •

(Continued from page 12)

and cotton But acreage diverted out of these crops threw others into surplus. Feed production was increased and stimulated over expansion of livestock — and so the problem spread until almost every farmer, regardless of what he produces, is adversely affected.

2. Whose surpluses are they?

I raise this question only because some of my political opponents have been blaming this Administration.

When we took office in January 1953, the inventories and loans of the Commodity Credit Corporation were about \$3 billion. But our predecessors had left a time bomb. Prior to Inauguration Day, they already had announced unlimited production of wheat, corn and cotton for 1953. Before we could do anything about it — a year later — government-held surpluses had increased to \$6.5 billion. As provided in the law, we had to subject farmers to acreage and marketing controls in 1954. This was done with great regret because I was well aware of the hardship it would work on farmers. But it was necessary and unavoidable because the rigid wartime price supports were still in effect for the basic crops. Even with the controls, the surplus stockpiles increased to well over \$7 billion by the end of the 1954 marketing year.

While it was a time-bomb that our predecessors left for us, it was farmers and the public — particularly farmers — who got hurt.

3. What are the surpluses doing to farmers?

What are the costs involved in these government-held surpluses? First, the storage costs alone on the \$8.5 billion stockpile we now have are more than a million dollars a day. Then there are administrative costs and interests costs on the money. Deterioration costs are small, but some are unavoidable. There are losses when these products are sold for less than the government paid.

These are costs to taxpayers — to the Nation as a whole. They are small compared to other costs which fall upon you as farmers.

The reason is that no one can prevent the surplus stockpiles from having a price-depressing effect upon your markets. I cannot emphasize too strongly that produce taken over by the government for price support purposes has not actually been sold. It is merely held in a government warehouse awaiting a final use. It is still part of the domestic and the world supply. However closely it may be guarded from the market, everyone knows that sooner or later, for one purpose or another —

even to meet one emergency or another — it will sometime be used. And when it is used it will add to market supplies. Consequently, the very existence of such stocks always has its depressing effect on market prices.

Department of Agriculture economists estimate that our net farm income last year was

reduced at least 20 per cent — at least 2 billion dollars — by the price-depressing effect of the surplus stockpiles. This staggering sum is about 5.5 million dollars a day that the surpluses are costing farmers — 5.5 million dollars a day in reduced net income. Such tragic losses must be stopped. The cause must be

corrected — because agriculture cannot be free and prosperous until it is.

Why have we not disposed of the surpluses more rapidly?

Ladies and gentlemen, I can report to you that we have worked aggressively at disposal and we used every means we could devise. During the last fiscal year 2.7 billion dollars worth of government-owned stocks were moved into use at home and abroad — in the last three years, about \$6 billion worth. We have sold into the domestic market when we could. We have sold abroad for dollars — or for foreign currencies if dollars could not be had. We have bartered what we could not sell — and we have donated for relief purposes and for other worthy causes both at home and overseas.

I must call your attention to the fact that the disposal alternatives open to your government do have limits. In fact, we

Lancaster Farming—13
Friday, Aug. 31, 1956

have only three alternatives. We can move the surpluses at home. Or we can move them overseas. Or — well, the third is not even an alternative. It would be deliberately to destroy food and other farm products — and that would be immoral and unthinkable.

Then think a minute about the other alternatives.

When the surplus stocks are sold or given away in the domestic market, there is always the risk — an ever-present risk — of lowering the prices for what you and other farmers are producing currently. Thus we have to proceed cautiously for your protection.

And while the surplus stocks are sold or given away overseas, except in carefully controlled

(Continued on page 14)

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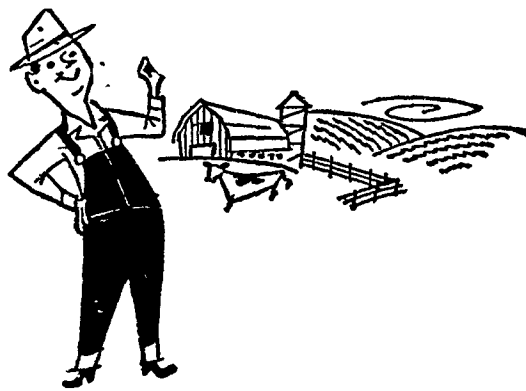
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