

# President Gives Congress Farm Message

On Thursday of last week, President Eisenhower sent his farm message to Congress.

Pointing out that the people of the nation are living in a world of rapid change, he said that the changes are as evident in agriculture as in labor, industry, defense or education.

"A century ago, an American farm worker fed himself and three others. Today he feeds two and a half others. Today he feeds 82 per cent rural. Today it is only one third rural and only 12 per cent of our population actually live on farms," the President said.

He called the scientific revolution in agriculture "irreversible and continuing."

"It cannot be avoided and it need not be feared," he added.

The President pointed out the following soft spots in the farm economy.

"Rising production costs continue to limit net farm income.

"Acreage controls have failed to bring agricultural production into line.

"Large numbers of rural people have not benefited from price supports, nor have they benefited as they should from the great changes in agriculture.

"Price supports have scant meaning to a farmer with little to sell.

Here is the complete text of the President's recommendations to Congress for legislative action.

Basic agricultural legislation now on the book was originally devised as an emergency effort to cope with a depression, then changed to help fight a war, and subsequently revised again in an effort to meet the needs of peace.

It has not been adequately modified to deal with the effects of the technological revolution in agriculture. This must now be done.

It is essential that the following major steps be taken this year to improve the status of rural people in greatest need, provide more freedom, expand to aid agricultural adjustment markets, and, thereby, to help raise farm family income.

First The Conservation Reserve Program of the Soil Bank should be strengthened, and the Acreage Reserve Program terminated after the 1958 crop. The Conservation Reserve has shown promise in retiring marginal acres from crop production, in aiding the cause of conservation, and in taking whole farms which are wholly voluntary and must result in production. The program main so.

Because of its late enactment, the Acreage Reserve Program was hampered during 1956 in achieving production adjustment. And although the 1957 program succeeded in reducing wheat production by about 175 million bushels, cotton by 2 million bales, and corn by 220 million bushels below what it would otherwise have been, the number of farmers participating in 1958 is likely to be low, in part because of limitations that Congress imposed on the extent of participation by any one farm. So in the future the production adjustment accomplished by the Acreage Reserve is likely to be small.

Furthermore, there are large numbers of rural people who have not benefited from price supports. Nor have they bene-

fit as they should from the great changes underway in agriculture. In fact, some have been put at a competitive disadvantage by the onrush of farm technology and other economic changes.

This is true not only in particular rural areas of low income but for some people in almost every farm community. There are millions of rural people who, for reasons of small farms, poor soils, limited resources, age, inadequate credit, lack of education, poor health or insufficient managerial ability, have been unable to make the adjustments called for by modern technology.

Few of the dollars spent on agricultural programs have been of appreciable help to this group. Price supports have scant meaning to a farmer with little to sell.

Reductions in acreage to support higher prices are contrary to the needs of a farmer whose production is already too small to give him a proper livelihood.

In my special agricultural message four years ago, I indicated that the Secretary of Agriculture would give attention to the problems peculiar to farm families with low incomes. As a result the Rural Development Program was initiated. It is widening opportunities for those rural people on the lower rungs of the economic ladder.

We should now shift the emphasis of the Soil Bank away from the short-term Acreage Reserve, aimed at reducing surpluses of particular crops to the long-term Conservation Reserve aimed at overall production adjustment.

This change will aid all farmers, especially the low-income farmer, who will, if he desires, be better able to retire his entire farm from production.

Expansion of the Conservation Reserve will be an effective instrument of adjustment only if it is accompanied by needed changes in price supports. It must not become merely a means of offsetting the production stimulus supplied by price supports held continually at incentive levels.

The Budget Message recommends a Conservation Reserve Program of \$450 million for the 1959 calendar year.

Second Authority to increase acreage allotments for cotton, wheat, rice, peanuts and tobacco should be provided under present legislation. Acreage allotments and price supports for certain of the basic crops are determined by legal formulas under these formulas allotments have already been cut sharply. Allotments for certain crops are likely to be reduced even further, despite growing evidence that acreage restrictions have not brought about needed adjustments.

Authority should be provided for the Secretary of Agriculture in accordance with criteria which the Secretary will propose to the Congress to increase allotments up to 50 per cent above the levels determined by existing formulas.

The law already specifies that the Secretary may provide price support at levels above those determined by formula, and this authority has been used. The law should also provide authority when the statistical formula yields results clearly contrary to the general interest. But any acreage increases must be related to price adjustments which will permit the growth of markets necessary to absorb the increased production.

Such liberalization of acreage allotments as is possible would permit greater efficiency and higher income for small farmers who now are sharply restricted in the size of their operations.

Third Acreage allotments for corn should be eliminated. The corn program has not worked. Huge surpluses have accumulated. As surpluses rise present legislation provides that allotments must shrink. As allotments

shrink, participation in the corn program dwindles. A year ago 62 per cent of the corn farmers who voted in the referendum favored the elimination of corn acreage allotments. In 1957, only about 14 per cent of the corn production in the commercial corn area was eligible for the full price support. Thus, as allotments shrink, participation spirals downward, and price-depressing surpluses spiral upward.

Fourth The escalator clauses in the basic law should be abolished. Provisions now in the law require that price supports be raised as soon as the surplus is reduced. This means that as one surplus is moved, incentives are automatically provided to build another until this basic law is changed, farm people can expect to be kept continually under the shadow of price-depressing surpluses.

The Soil Bank and surplus disposal programs have already cut deeply enough into our surplus to throw these escalator clauses into action to build more surpluses. Elimination of these escalator clauses is necessary if surplus disposal programs and the Soil Bank are to achieve their purpose.

Fifth The overall range within which price supports may be provided should be substantially widened. Presently price supports must be provided by rigid formula for cotton, wheat, corn, rice, peanuts, tobacco and dairy products between 75 and 90 per cent of parity. This range is too narrow to permit the growth of markets needed to absorb the production which, despite acreage controls, our farms appear certain to produce. Price supports for the above-named commodities should be determined administratively between 60 per cent and 90 per cent of parity using the eight guidelines now provided by law for practically all other commodities. This needed change in price-support

policy would open the door to market expansion, increased acreage allotments and greater freedom to produce.

Sixth For commodities like the feed grains, with respect to which the Secretary of Agriculture has had wide discretion in the past, price support has been offered at levels as high as could be justified under the criteria specified by law. This will be the Secretary's practice under the recommended legislation.

Seventh Price supports for cotton should be based on the average quality of the crop. For cotton the law specifies that supports must be based on a grade that is far below the average quality. The law should be corrected to put cotton price supports on the same basis as for all other crops.

Eighth The membership of the Commodity Credit Corporation Advisory Board should be enlarged and the Board's responsibilities increased. The recommended changes in determining

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