

UEP supports target price formula

WASHINGTON, D.C. - In testimony on March 2 before the House Committee on Agriculture, Mike Hirth, Chairman of the United Egg Producers Feed Grain

Committee, called for commodity target prices in the new Farm Bill to be pegged at about 80 per cent of the cost of production and requested that finished or processed agricultural products be encouraged under P.L. 480 programs.

Hirth was among 12 witnesses who appeared before the Committee concerning wheat and feed grain issues. His testimony was along similar lines as that presented by UEP to the Senate Agriculture Committee during 1975 hearings on target prices.

Hirth noted that the key to the target price concept was what constitutes the farmers' cost of production. For this purpose, he suggested the House Committee adopt the methods and formula of the Senate Committee on Agriculture, Nutrition and Forestry which was announced January 18 when Sen. Herman Talmadge introduced his proposed Agriculture and Consumer Protection Act of 1977 (S.275). In that formula, Hirth noted that the Committee based land values on a 35-year average of land acquisition costs. He said the Congressional Budget Office figures which used current land value figures were not as realistic as the Senate committee's.

"Our recommendation of 80 per cent of total cost of production will not assure grain farmers of a break-even position should supplies be grossly in excess of demand, but neither will it encourage producers to grossly over-produce since they will know government will not bail them out." Hirth said. "These levels should remove the likelihood of outright bankruptcy, encourage greater efficiency in production, represent sufficient encouragement for grain farmers to produce sufficient supplies for projected market demand, and lessen the need for government intervention."

Hirth told the Committee UEP favors the 35-year average of acquisition cost of land because it will have less influence on the escalation of land values. To use a formula for the cost of production which reflects the immediate land sale values would only add to the inflationary pressures to escalate those values, he said.

"We believe the below-production cost target price levels we recommend will also reduce the need for federally held commodity reserves which later will be used to depress grain prices and encourage over-production in the livestock and poultry industries," the U.E.P. spokesman con-

tinued. He told the Committee that UEP would support an extension of time for commodity loans beyond the current one-year period in order to give producers an opportunity to move his product into the market in another marketing year. He said this, too, would minimize government involvement in federally held grain reserves while assuring producers of a cushion against a severe market drop in any crop year.

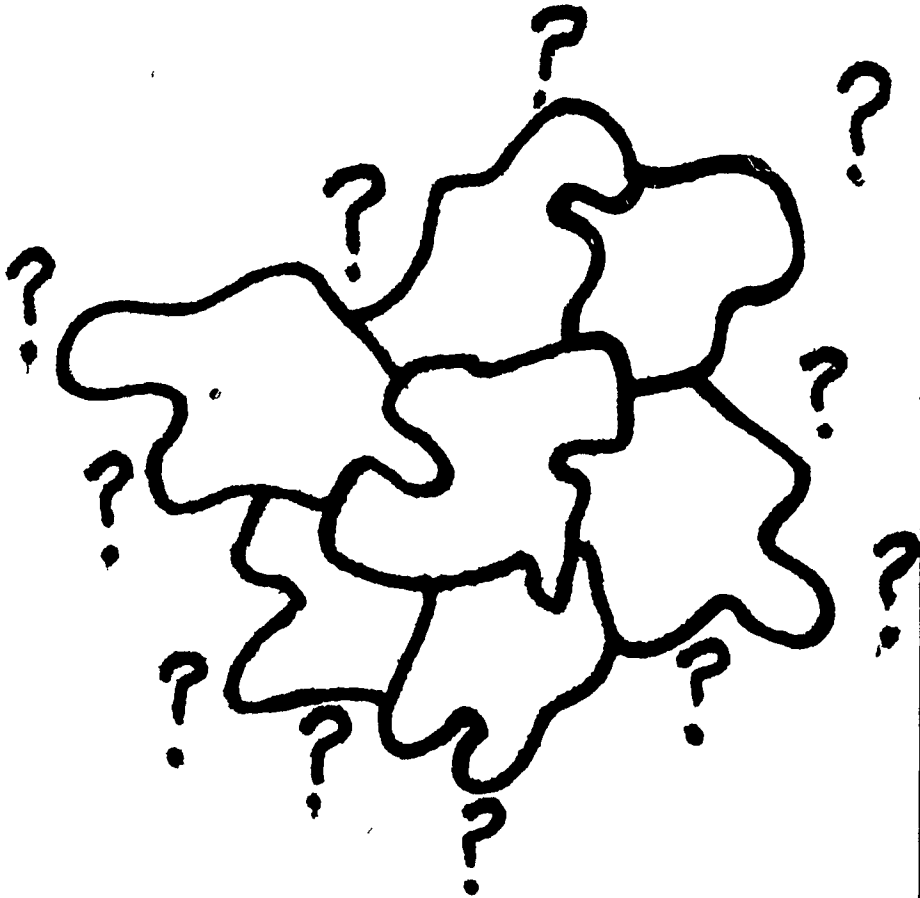
In concluding his testimony before the House Agriculture Committee, Hirth asked that language be included under both Title I and Title II of the Food For Peace Programs (P.L. 480) "which would encourage utilization of processed agricultural products" in the export programs.

"The egg industry believes it can help meet the world's need for high protein foods with such products as dried egg mix and canned fowl meat," Hirth stated. "We believe both of these products would be excellent relief commodities for the hungry around the world. Our members feel that PL 480 and other export programs should also emphasize products that represent agriculture and labor via the finished or processed state."

Hirth pointed to the outstanding history that egg mix and canned fowl has within the U.S. as part of the USDA commodity programs. They can be packaged in small or large units and all a person needs for preparing a meal is water, fire and some type of utensil for cooking, he added.

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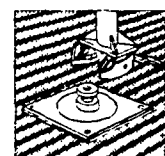
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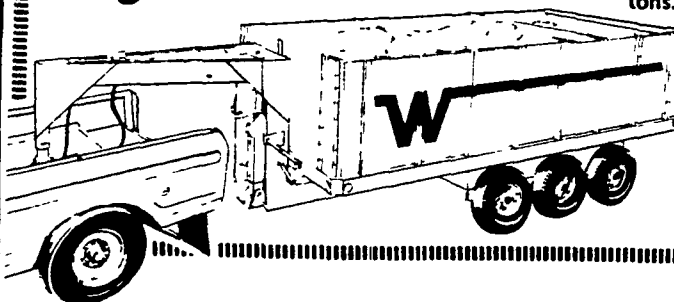
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