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**Conference Report to Accompany
Agricultural Act of 1948
H.R. Rep. No. 80-2448 (1948)**

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AGRICULTURAL BILL OF 1948

JUNE 19, 1948.—Ordered to be printed

Mr. HOPE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 6248]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6248) to authorize the Secretary of Agriculture to stabilize prices of agricultural commodities; to amend section 22 of the Agricultural Adjustment Act, reenacted by the Agricultural Marketing Agreement Act of 1937; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Agricultural Act of 1948."*

TITLE I—1949 PRICE STABILIZATION

SECTION 1. Notwithstanding any other provision of law, the Secretary of Agriculture is authorized and directed through any instrumentality or agency within or under the direction of the Department of Agriculture, by loans, purchases, or other operations—

(a) To support prices received by producers of cotton, wheat, corn, tobacco, rice, and peanuts marketed before June 30, 1950, if producers have not disapproved marketing quotas for such commodity for the marketing year beginning in the calendar year in which the crop is harvested. The price support authorized by this subsection shall be made available as follows:

(1) To cooperators at the rate of 90 per centum of the parity price for the commodity as of the beginning of the marketing year;

(2) *To noncooperators at the rate of 60 per centum of the rate specified in (1) above and only on so much of the commodity as would be subject to penalty if marketed.*

All provisions of law applicable with respect to loans under the Agricultural Adjustment Act of 1938, as amended, shall, insofar as they are consistent with the provisions of this subsection, be applicable with respect to loans or other price-support operations authorized under this subsection, except that for the purpose of computing the parity price for Maryland tobacco the base period shall be the period August 1936 to July 1941 in lieu of the period August 1919 to July 1929.

(b) *To support until January 1, 1950, a price to producers of commodities with respect to which the Secretary of Agriculture by public announcement pursuant to the provisions of the Act of July 1, 1941, as amended, requested an expansion of production of not less than 60 per centum of the parity or comparable price therefor nor more than the level at which such commodity was supported in 1948, except that Irish potatoes harvested before January 1, 1949, milk and its products, hogs, chickens, and eggs shall be supported at 90 per centum of the parity or comparable price. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this subsection if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for the commodities referred to in (a) hereof. In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to eligibility of producers for price support.*

(c) *Sections 1 and 3 of the Act approved August 5, 1947 (Public Law 360, Eightieth Congress), are amended by striking out in each section the date "December 31, 1948" wherever it appears and inserting in lieu thereof the date "June 30, 1950".*

(d) *It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsections (a), (b), and (c) hereof) shall be carried out until January 1, 1950 so as to bring the price and income of the producers of other agricultural commodities not covered by subsections (a), (b), and (c) to a fair parity relationship with the commodities included under subsections (a), (b), and (c), to the extent that funds for such operations are available after taking into account the operations with respect to the commodities covered by subsections (a), (b), and (c). In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to eligibility of producers for price support.*

SEC. 2. From any funds available to the Department of Agriculture or any agency operating under its direction for price support operations or for the disposal of agricultural commodities, the Secretary of Agriculture is authorized and directed to use such sums as may be necessary to carry out the provisions of section 1 of this Act.

SEC. 3. Section 22 of the Agricultural Adjustment Act, as added by section 31 of the Act of August 24, 1935 (49 Stat. 773), reenacted by section 1 of the Agricultural Marketing Agreement Act of 1937 (50 Stat. 246), as amended, is hereby amended to read as follows:

"SEC. 22. (a) Whenever the President has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a), of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: Provided, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: And provided further, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

"(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States.

"(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision

thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section.

“(e) Any decision of the President as to the facts under this section shall be final.

“(f) No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.”

SEC. 4. Section 8 (a), as amended, of the Soil Conservation and Domestic Allotment Act is amended (a) by striking out “January 1, 1949” wherever appearing therein and inserting in lieu thereof “January 1, 1951”, and (b) by striking out “December 31, 1948” and inserting in lieu thereof “December 31, 1950”.

SEC. 5. Notwithstanding any of the provisions of this Act, the Act of July 28, 1945 (59 Stat. 506) shall continue in effect.

SEC. 6. This title shall take effect on January 1, 1949, except that sections 3 and 4 shall take effect on the date of enactment of this Act.

TITLE II—AMENDMENTS TO THE AGRICULTURAL ADJUSTMENT ACT OF 1938

DEFINITIONS OF “PARITY PRICE”, “CARRY-OVER”, “NORMAL SUPPLY”, AND “TOTAL SUPPLY”

SEC. 201. Section 301 of the Agricultural Adjustment Act of 1938 is amended—

(a) By striking out paragraphs (1) and (2) of subsection (a) and inserting in lieu thereof the following:

“(1) (A) The ‘parity price’ for any agricultural commodity, as of any date, shall be determined by multiplying the adjusted base price of such commodity as of such date by the parity index as of such date.

“(B) The ‘adjusted base price’ of any agricultural commodity, as of any date, shall be (i) the average of the prices received by farmers for such commodity, at such times as the Secretary may select during each year of the ten-year period ending on the 31st of December last before such date, or during each marketing season beginning in such period if the Secretary determines use of a calendar year basis to be impracticable, divided by (ii) the ratio of the general level of prices received by farmers for agricultural commodities during such period to the general level of prices received by farmers for agricultural commodities during the period January 1910 to December 1914, inclusive.

“(C) The ‘parity index’, as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, rates, and taxes during the period January 1910 to December 1914, inclusive.

“(D) The prices and indices provided for herein, and the data used in computing them, shall be determined by the Secretary, whose determination shall be final.

“(E) Notwithstanding the provisions of subparagraph (A), the transitional parity price for any agricultural commodity, computed as provided in this subparagraph, shall be used as the parity price for such commodity until such date after January 1, 1950, as such transitional

parity price may be lower than the parity price, computed as provided in subparagraph (A), for such commodity. The transitional parity price for any agricultural commodity as of any date shall be—

“(i) its parity price determined in the manner used prior to the effective date of the Agricultural Act of 1948, less

“(ii) five per centum of the parity price so determined multiplied by the number of full calendar years which, as of such date, have elapsed after January 1, 1949.

“(F) Notwithstanding the provisions of subparagraphs (A) and (E), if the parity price for any agricultural commodity, computed as provided in subparagraphs (A) and (E) appears to be seriously out of line with the parity prices of other agricultural commodities, the Secretary may, and upon the request of a substantial number of interested producers shall, hold public hearings to determine the proper relationship between the parity price of such commodity and the parity prices of other agricultural commodities. Within sixty days after commencing such hearing the Secretary shall complete such hearing, proclaim his findings as to whether the facts require a revision of the method of computing the parity price of such commodity, and put into effect any revision so found to be required.

“(2) ‘Parity’, as applied to income, shall be that gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupation. ‘Parity’ as applied to income from any agricultural commodity for any year, shall be that gross income which bears the same relationship to parity income from agriculture for such year as the average gross income from such commodity for the preceding ten calendar years bears to the average gross income from agriculture for such ten calendar years.”

(b) By amending paragraph (3) (A) of subsection (b) to read as follows:

“(A) ‘Carry-over’, in the case of corn, rice, and peanuts for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any quantity which was produced in the United States during the calendar year then current.”

(c) By amending paragraph (3) (B) of subsection (b) to read as follows:

“(B) ‘Carry-over’ of cotton for any marketing year shall be the quantity of cotton on hand within the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current, plus the quantity on hand within the United States at the beginning of such marketing year which was produced outside the United States.”

(d) By striking out paragraph (10) of subsection (b) and inserting in lieu thereof the following:

“(10) (A) ‘Normal supply’ in the case of corn, cotton, rice, wheat, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carry-over. The allowance for carry-over shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 7 per centum in the case of corn; 30 per centum in the case of cotton; 10

per centum in the case of rice: 15 per centum in the case of wheat: and 15 per centum in the case of peanuts. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

“(B) ‘Normal supply’ in the case of tobacco shall be a normal year’s domestic consumption and exports, plus 175 per centum of a normal year’s domestic consumption and 65 per centum of a normal year’s exports as an allowance for a normal carry-over.”

(e) By amending paragraph (16) of subsection (b) to read as follows:

“(A) ‘Total supply’ of cotton, wheat, corn, rice, and peanuts for any marketing year shall be the carry-over of the commodity for such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

“(V) ‘Total supply’ of tobacco for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type-46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar filler and cigar binder tobacco.”

PRICE SUPPORT

SEC. 202. (a) Section 302 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

“SEC. 302. (a) The Secretary, through the Commodity Credit Corporation (except as provided in subsection (c)) and other means available to him, is authorized to support prices of agricultural commodities to producers through loans, purchases, payments, and other operations. Except as otherwise provided in this section, the amounts, terms, and conditions of such price support operations, and the extent to which such operations are carried out, shall, in the case of operations carried out by Commodity Credit Corporation, be determined by the Corporation with the approval and subject to the direction of the Secretary, and, in the case of operations carried out by other means, be determined by the Secretary. In making such determinations, consideration shall be given to (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported, (3) the availability of funds, (4) the perishability of the commodity, (5) its importance to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price support operation, (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand. Compliance by the producer with acreage allotments, production goals, and marketing practices prescribed by the Secretary may be required as a condition of eligibility for price support. The Secretary shall in all cases give consideration to the practicability of supporting prices indirectly, as by the development of improved merchandising methods, rather than directly by purchase or loan.

“(b) (1) Price support shall be made available to producers of any basic agricultural commodity at levels determined as hereinafter provided in

this subsection. On the basis of the latest available statistics of the Department of Agriculture as of the beginning of each marketing year for each such basic agricultural commodity, the Secretary shall, with respect to such marketing year and such basic agricultural commodity—

“(i) estimate the total supply;

“(ii) determine the normal supply; and

“(iii) determine the percentage which the estimated total supply is of the normal supply (such percentage being referred to herein as the ‘supply percentage’).

“(2) The level at which the price of such basic agricultural commodity for such marketing year shall be supported for cooperators (other than cooperators outside the commercial corn-producing area, in the case of corn) shall not exceed 90 per centum of the parity price of such commodity as of the beginning of the marketing year or be less than the percentage of its parity price as of the beginning of such marketing year determined from the following table:

The level of support shall be not less than the following percentage of the parity price:

If the supply percentage is:

Not more than 70.....	90
More than 70 but not more than 72.....	89
More than 72 but not more than 74.....	88
More than 74 but not more than 76.....	87
More than 76 but not more than 78.....	86
More than 78 but not more than 80.....	85
More than 80 but not more than 82.....	84
More than 82 but not more than 84.....	83
More than 84 but not more than 86.....	82
More than 86 but not more than 88.....	81
More than 88 but not more than 90.....	80
More than 90 but not more than 92.....	79
More than 92 but not more than 94.....	78
More than 94 but not more than 96.....	77
More than 96 but not more than 98.....	76
More than 98 but not more than 102.....	75
More than 102 but not more than 104.....	74
More than 104 but not more than 106.....	73
More than 106 but not more than 108.....	72
More than 108 but not more than 110.....	71
More than 110 but not more than 112.....	70
More than 112 but not more than 114.....	69
More than 114 but not more than 116.....	68
More than 116 but not more than 118.....	67
More than 118 but not more than 120.....	66
More than 120 but not more than 122.....	65
More than 122 but not more than 124.....	64
More than 124 but not more than 126.....	63
More than 126 but not more than 128.....	62
More than 128 but not more than 130.....	61
More than 130.....	60

“(3) Notwithstanding the foregoing provisions of this section—

“(A) the minimum level of price support to cooperators for any basic agricultural commodity shall be 120 per centum of the minimum level determined from the foregoing table, if acreage allotments are in effect at the beginning of the planting season for such commodity, or if marketing quotas are in effect at the beginning of the marketing year for such commodity; but in no case shall the level of price support for any commodity be increased thereby above 90 per centum of its parity price as of the beginning of the marketing year; and

“(B) the level of price support for any basic agricultural commodity normally marketed in any marketing year with respect to which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity as of the beginning of such marketing year.

“(4) The level at which the price of corn shall be supported for cooperators outside the commercial corn-producing area shall be 75 per centum of the level at which the price is supported for cooperators in the commercial corn-producing area with respect to corn.

“(5) Notwithstanding the foregoing provisions of this section, the level of price support to cooperators for any crop of tobacco for which marketing quotas are in effect shall be 90 per centum of its parity price as of the beginning of the marketing year

“(c) The support price for any nonbasic agricultural commodity shall not exceed 90 per centum of the parity price for the commodity as of the beginning of the marketing year or season in the case of a commodity marketed on a marketing year or seasonal basis, and as of January 1 in the case of any other commodity. Any price support operation undertaken with respect to either turkeys or chickens shall be applicable to all chickens, including broilers, appropriate adjustments being made as provided in subsection (e) of this section: Provided, That if any price support operation is undertaken with respect to either chickens or turkeys, the same parity price support operation shall be undertaken with respect to ducks and ducklings and other poultry. The price of wool shall be supported at such level, not in excess of 90 per centum nor less than 60 per centum of its parity price as of January 1, as the Secretary may consider necessary in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool. The price of any kind of Irish potatoes harvested after December 31, 1949, shall be supported at not less than 60 per centum nor more than 90 per centum of the parity price for Irish potatoes as of the beginning of its marketing season. The Commodity Credit Corporation shall not carry out any operation to support the price of any nonbasic agricultural commodity (other than Irish potatoes) which is so perishable in nature as not to be reasonably storable without excessive loss or excessive cost; but any such operation may be carried out by the Secretary through other means available to him such as those provided by section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended: Provided, That the foregoing provisions shall not be construed to prohibit the Commodity Credit Corporation from supporting the price of any perishable nonbasic agricultural commodity by a loan, purchase, payment, or other operation undertaken with respect to a storable commodity processed from such perishable nonbasic agricultural commodity: Provided further, That the Secretary, in carrying out programs with respect to perishable and non-perishable commodities under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act, may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract) and make advance payments to it: And provided further, That in any fiscal year, if at the end of the preceding fiscal year the sums appropriated under said section 32 and remaining unexpended do not exceed \$300,000,000, Commodity Credit Corporation may, as provided in section 302 (a) of this Act, carry out any operation to support the price of any such perishable, nonbasic agricultural commodity

to the extent that the reserve for the postwar price support of agriculture established pursuant to the First Supplemental Appropriation Rescission Act of 1946 (60 Stat. 8) and other funds appropriated for agricultural price support are sufficient to cover any losses which may be incurred in connection with such operation.

“(d) Notwithstanding the foregoing provisions of this section, price support operations at levels in excess of the maximum level of price support otherwise prescribed in this section may be undertaken whenever it is determined by the Secretary after reasonable public notice and public hearing with records of said hearing and a finding thereon by said Secretary available to the public that price support at such increased levels is necessary in order to increase or maintain the production of any agricultural commodity in the interest of national security.

“(e) Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments shall be made in such manner that the average support price for such commodity in each marketing year will, on the basis of the anticipated incidence of such factors, be equal to the level determined as provided in this section for such marketing year.

“(f) For the purposes of this section—

“(1) A ‘cooperator’ with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under this title, or, in the case of price support for corn to a producer outside the commercial corn-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

“(2) A ‘basic agricultural commodity’ shall mean any of the commodities cotton, wheat, corn, tobacco, rice, and peanuts of a crop harvested after December 31, 1949.

“(3) A ‘nonbasic agricultural commodity’ shall mean any agricultural commodity other than a basic agricultural commodity.

“(g) No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this section unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program.

“(h) The Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than (1) a price determined on a pricing basis for its stocks of such commodity on hand, which makes due allowance for grade, type, quality, location, and other factors and which is reasonably calculated to reimburse it for costs incurred by it with respect to such stocks; (2) a price halfway between the support price, if any, and the parity price of such commodity; or (3) a price equivalent to 90 percentum of the parity price of such commodity, whichever price is the lowest, except that the foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any

price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses."

(b) Section 381 (c) of the Agricultural Adjustment Act of 1938 is repealed.

MARKETING QUOTAS

CORN

SEC. 203. (a) The first sentence of section 322 (a) of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"Whenever in any calendar year the Secretary determines—

"(1) that the total supply of corn for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 20 per centum, or

"(2) that the total supply of corn for the marketing year ending in such calendar year is not less than the normal supply for the marketing year so ending, and that the average farm price for corn for three successive months of the marketing year so ending does not exceed 66 per centum of parity

the Secretary shall, not later than November 15 of such calendar year, proclaim such fact and marketing quotas shall be in effect in the commercial corn producing area for the crop of corn grown in such area in the next succeeding calendar year and shall remain in effect until terminated in accordance with the provisions of this title."

(b) Sections 322 (b) and 322 (c) of the Agricultural Adjustment Act of 1938 and the joint resolution entitled "Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended", approved July 26, 1939 (53 Stat. 1125), are hereby repealed.

(c) Section 322 (d) of the Agricultural Adjustment Act of 1938 is amended (1) by striking out "(c)" and inserting in lieu thereof "(a)", and (2) by striking out "September" and inserting in lieu thereof "March".

WHEAT

SEC. 204. (a) Section 335 (a) of the Agricultural Adjustment Act of 1938 is amended by striking out the first two sentences thereof and inserting in lieu thereof the following:

"Whenever in any calendar year the Secretary determines—

"(1) that the total supply of wheat for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 20 per centum; or

"(2) that the total supply of wheat for the marketing year ending in such calendar year is not less than the normal supply for the marketing year so ending, and that the average farm price for wheat for three successive months of the marketing year so ending does not exceed 66 per centum of parity

the Secretary shall, not later than July 1 of such calendar year, proclaim such fact and, during the marketing year beginning July 1 of the next

succeeding calendar year and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of wheat."

(b) The first sentence of section 336 of the Agricultural Adjustment Act of 1938 is amended by striking out "June 10" and inserting in lieu thereof "July 25".

COTTON

SEC. 205. The first sentence of section 345 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"Whenever during any calendar year the Secretary determines—

"(1) that the total supply of cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 8 per centum; or

"(2) that the total supply of cotton for the marketing year ending in such calendar year is not less than the normal supply for such marketing year, and that the average farm price for cotton for three successive months of such marketing year does not exceed 66 per centum of parity

the Secretary shall, not later than November 15 of such calendar year, proclaim such fact and marketing quotas shall be in effect with respect to cotton during the marketing year beginning in the next succeeding calendar year."

RICE

SEC. 206. The first sentence of section 355 (a) of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"Whenever during any calendar year the Secretary determines—

"(1) that the total supply of rice for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year by more than 20 per centum; or

"(2) that the total supply of rice for the marketing year ending in such calendar year is not less than the normal supply for such marketing year, and that the average farm price for rice for three successive months of such marketing year does not exceed 66 per centum of parity

the Secretary shall, not later than December 31 of such calendar year, proclaim such fact and, during the marketing year beginning in the next succeeding calendar year and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of rice by producers."

SEC. 207. The Agricultural Adjustment Act of 1938 is amended—

(a) By inserting in section 328 after the words "outside the commercial corn-producing area" the following: "or imported";

(b) By inserting in section 333 after "for such crop" the following: "and imports";

(c) By inserting in section 343 (a) after "August 1 of such succeeding calendar year" the following: "and imports";

(d) By striking out sections 359 (d) and 359 (e);

(e) By striking out of section 385 "or loan" and inserting in lieu thereof "loan, or price support operation".

TOBACCO

SEC. 208. Section 312 (a) of the Agricultural Adjustment Act of 1938 is amended by inserting before the period at the end of the first sentence a colon and the following: "Provided, That the Secretary shall proclaim a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year, and shall proclaim a national marketing quota for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such marketing year."

TITLE III—MISCELLANEOUS

SECTION 32 FUNDS

SEC. 301. Section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (U. S. C., title 7, sec. 612c), is amended by adding at the end thereof the following: "The sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this section until expended; but any excess of the amount remaining unexpended at the end of any fiscal year over \$300,000,000 shall, in the same manner as though it had been appropriated for the service of such fiscal year, be subject to the provisions of section 3690 of the Revised Statutes (U. S. C., title 31, sec. 712), and section 5 of the Act entitled 'An Act making appropriations for the legislative, executive, and judicial expenses of the Government for the year ending June thirtieth, eighteen hundred and seventy-five, and for other purposes' (U. S. C., title 31, sec. 713)."

"PARITY"—OTHER STATUTES

SEC. 302. (a) Section 2 (1) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended to read as follows:

"(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish, as the prices to farmers, parity prices as defined by section 301 (a) (1) of the Agricultural Adjustment Act of 1938."

(b) Section 8c (18) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended to read as follows:

"(18) The Secretary of Agriculture, prior to prescribing any term in any marketing agreement or order, or amendment thereto, relating to milk or its products, if such term is to fix minimum prices to be paid to producers or associations of producers, or prior to modifying the price fixed in any such term, shall ascertain the parity prices of such commodities."

The prices which it is declared to be the policy of Congress to establish in section 2 of this title shall, for the purposes of such agreement, order, or amendment, be adjusted to reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk or its products in the marketing area to which the contemplated marketing agreement, order, or amendment relates. Whenever the Secretary finds, upon the basis of the evidence adduced at the hearing required by section 8b or 8c, as the case may be, that the parity prices of such commodities are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area to which the contemplated agreement, order, or amendment relates, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest. Thereafter, as the Secretary finds necessary on account of changed circumstances, he shall, after due notice and opportunity for hearing, make adjustments in such prices."

(c) Section 8c (17) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "and section 8e".

(d) Section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is repealed.

(e) Section 4 of the Agricultural Marketing Agreement Act of 1937, as amended, is amended by inserting after the section designation the subsection designation "(a)" and by adding at the end thereof a new subsection to read as follows:

"(b) Any program in effect under the Agricultural Adjustment Act, as reenacted and amended by this Act, on the effective date of section 302 of the Agricultural Act of 1948 shall continue in effect without the necessity for any amendatory action relative to such program, but any such program shall be continued in operation by the Secretary of Agriculture only to establish and maintain such orderly marketing conditions as will tend to effectuate the declared purpose set out in section 2 or 8c (18) of the Agricultural Adjustment Act, as reenacted and amended by this Act."

(f) All references in other laws to—

(1) parity,

(2) parity prices,

(3) prices comparable to parity prices, or

(4) prices to be determined in the same manner as provided by the Agricultural Adjustment Act of 1938 prior to its amendment by this Act for the determination of parity prices,

with respect to prices for agricultural commodities and products thereof, shall hereafter be deemed to refer to parity prices as determined in accordance with the provisions of section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended by this Act.

EFFECTIVE DATE

SEC. 303. Titles II and III of this Act shall take effect on January 1, 1950.

And the Senate agree to the same.

That the Senate recede from its amendment to the title.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
ANTON J. JOHNSON,
GEO. W. GILLIE,

Managers on the Part of the House.

GEORGE D. AIKEN,
MILTON R. YOUNG,
EDWARD J. THYE,
ELMER THOMAS,
ALLEN J. ELLENDER,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6248) to authorize the Secretary of Agriculture to stabilize prices of agricultural commodities; to amend section 22 of the Agricultural Adjustment Act, reenacted by the Agricultural Marketing Agreement Act of 1937; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute which incorporates the substance of the House bill and titles III and IV of the Senate amendment, with modifications. Except for clarifying, clerical, and minor changes the differences between the House amendment and substitute agreed to in conference are explained below.

The House bill is retained with virtually no change except clarifying and clerical amendments to make it conform to the substitute agreed upon by the conferees, and two minor amendments in substance, one changing the base period for the computation of parity on Maryland tobacco and the other making it clear that the act of July 28, 1945 (59 Stat. 506), relative to dark tobacco remains unchanged. There was added a provision extending until December 31, 1950, authority to make soil conservation payments.

In the substitute amendment agreed to by the conferees that portion which was the House bill now provides for interim price supports on agricultural commodities to continue through the calendar year 1949. Titles III and IV of the Senate bill appear virtually without change as titles II and III of the substitute amendment. In general, these titles provide for a modernization of parity and for a permanent price support program. The effective date of titles II and III of the substitute amendment is January 1, 1950.

Following is a detailed explanation of the provisions of titles II and III:

TITLE II—AMENDMENTS TO AGRICULTURAL ADJUSTMENT ACT OF 1938

Section 201 amends section 301 of the Agricultural Adjustment Act of 1938 in the following respects:

(1) The method of computing parity prices would be changed to the extent necessary to give appropriate recognition to changes in relationships among the prices of the agricultural commodities themselves occurring since the base period, 1910-14, such as those resulting from the discovery of new uses or new methods of production. This section would provide a formula which, while preserving the 1910-14 relationship between farm and nonfarm prices, will reflect

the developments of recent years. The general level would be based on the differences between the 1910-14 and the present prices of things that farmers buy, the parity prices of some commodities would be reduced while others would be increased. This section also provides for a transition from the present method of computing parity prices and for any corrective action which may become necessary in the future. The section would accomplish these objectives in the following manner:

At present the parity price of any agricultural commodity as of any date is computed by—

- (i) Preparing a parity index showing the changes in prices of things that farmers buy since the base period 1910-1914; and
- (ii) Multiplying the price of the commodity during the base period by the parity index.

The section would change this formula only by substituting an adjusted or moving base price for the 1910-14 price of the commodity. This adjusted base price for the commodity would be a price bearing the same relationship to—

- (i) The price of such commodity during the preceding 10 years—

as the general level of prices received by farmers for agricultural commodities during the period 1910-14 bears to—

- (ii) The general level of prices received by farmers for agricultural commodities during the same 10 years.

In order to prevent the parity price for any particular commodity from being reduced substantially in any year by reason of this change use of a transitional parity price would limit such reduction to 5 percent per year. The transitional parity price would be the parity price as now computed less 5 percent for each full year elapsed after January 1, 1949. The transitional parity price would be used for a commodity until the first time that the parity price is equal to or above the transitional parity price.

In addition, the Secretary may revise the method of computing any parity price which becomes seriously out of line with the parity prices of other agricultural commodities.

(2) "Parity" as applied to income is redefined for the purpose of establishing a more accurate standard. This change has no substantive effect.

(3) The term "carry over" as applied to cotton, corn, rice, peanuts, and cotton is redefined to include imports. Foreign-stored cotton is excluded. This term was not previously applied to peanuts.

(4) The term "normal supply" as applied to corn, cotton, rice, wheat, and peanuts is redefined to represent current requirements more accurately than has heretofore been the case. Instead of using 10-year averages of exports and domestic consumption in the computation of normal supply, estimated exports for the marketing year for which normal supply is being determined and estimated domestic consumption for the preceding marketing year would be used. The allowance for carry-over provided for in the existing definition of "normal supply" remains the same except in the case of cotton which would be 30 percent in lieu of 40 percent in existing law. The definition in existing law for "normal supply" is not applicable to peanuts but the new definition would be made so. The allowance for carry-over in the case of peanuts would be 15 percent.

Provision is made for adjustments for current trends in consumption and for unusual conditions. The term "normal supply" as applied to tobacco would not be changed.

(5) The term "total supply" has been redefined to cover peanuts and in the case of cotton, wheat, corn, rice, and peanuts to include imports. The term as applied to tobacco has not been changed.

Section 202 would amend section 302 of the Agricultural Adjustment Act of 1938 (which contains the principal permanent price support provisions) to provide as follows:

(1) Price support of any agricultural commodity through loans, purchases, payments, or other operations would be authorized. This authorization provides the necessary flexibility in the choice of methods to be used in supporting prices. Thus it authorizes not only loans and purchases but also direct payments to farmers. The use of indirect methods such as the development of improved merchandising methods is encouraged. In determining the methods to be used, as well as the other terms and conditions of price-support operations, the Secretary and the Commodity Credit Corporation are required to give consideration to (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported, (3) the availability of funds, (4) the perishability of the commodity, (5) its importance to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price-support operation, (7) the ability and willingness of producers to keep supplies in line with demand, and (8) the necessity of offsetting temporary losses of export markets. Compliance with acreage allotments, production goals may be required as a condition of price support.

(2) In the case of the basic commodities price support at from 60 to 90 percent of parity, the minimum level depending upon the relationship of the total supply of each commodity to its normal supply would be required to be made available to cooperators (those who do not exceed farm-acreage allotments); except that if marketing quotas have been disapproved by producers the level of price support would be reduced to 50 percent of parity. If marketing quotas are approved by producers the level of price support which would otherwise be given to the commodity would be increased by 20 percent, but shall not exceed 90 percent. Tobacco would be supported at 90 percent of parity.

(3) Price support for nonbasic commodities is discretionary with the Secretary up to a maximum level of 90 percent of parity. The price of wool, however, is required to be supported at such level between 60 and 90 percent of parity as the Secretary considers necessary in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool. Potatoes are also supported at 60 to 90 percent of parity.

(4) In case the national interest requires, price support operations at levels in excess of 90 percent of parity are permitted with respect to either basic or nonbasic commodities.

(5) Subject to certain exceptions the Commodity Credit Corporation is prohibited from using its funds to carry out any operation to support the price of any nonbasic agricultural commodity which is so perishable in nature as not to be reasonably storable without excessive loss or excessive cost.

(6) Limitations are imposed upon the price at which Commodity Credit Corporation can sell farm commodities subject to a number of exceptions. These limitations and exceptions are generally comparable to those now in effect and are intended to prevent sales of farm commodities by Commodity Credit Corporation in a manner which would impair price support operations with respect to such commodities.

MARKETING QUOTAS

Sections 203, 204, 205, and 206 change the conditions which must be determined by the Secretary to exist before marketing quotas can be imposed upon corn, wheat, cotton, and rice. As reported, the sections would provide that whenever the Secretary determines—

(1) That the total supply of the commodity for the marketing year beginning in the then current calendar year will exceed the normal supply for such marketing year by more than 20 percent (8 percent in the case of cotton), or

(2) That the total supply of the commodity for the marketing year ending in such calendar year is not less than the normal supply for the marketing year so ending and that the average price for the commodity for three successive months does not exceed 66 percent of parity—

the Secretary shall proclaim marketing quotas for the marketing year beginning in the next succeeding calendar year.

ACREAGE ALLOTMENTS—IMPORTS

Section 207 requires the Secretary to take imports into consideration in determining acreage allotments for corn, wheat, and rice for the purposes of marketing quotas.

AMENDMENTS

Section 208 would amend section 312 (a) of the Agricultural Adjustment Act of 1938 to require the Secretary, first, to proclaim a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year, and, second, to proclaim a national marketing quota for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco. This would mean that, once the Secretary proclaims a marketing quota for any kind of tobacco, he is required to proclaim a marketing quota for that kind of tobacco for each succeeding year without regard to the supply conditions presently required by the statute.

TITLE III—MISCELLANEOUS

SECTION 32 FUNDS

Section 301 provides for accumulation, up to \$300,000,000, of section 32 funds not currently required for program purposes. Section 32 of the act of August 24, 1935 (7 U. S. C. 612c), appropriates for each fiscal year an amount equal to 30 percent of the customs duties for the preceding calendar year, to be used by the Secretary of Agri-

culture to encourage exportation and to increase (by means of diversion programs) domestic consumption of agricultural commodities and products and to reestablish farmers' purchasing power. To the extent that funds annually appropriated by section 32 are not fully utilized during any fiscal year, this provision would permit the balance of the funds not utilized to be carried over to subsequent fiscal years and used for the purpose for which such funds were appropriated. This provision would make it possible to formulate long range surplus disposal programs.

PARITY—OTHER STATUTES

Section 302 conforms the definitions of "parity" contained in other statutes to the definition of "parity" contained in section 301 of the Agricultural Adjustment Act of 1938, as amended by the bill.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
ANTON J. JOHNSON,
GEO. W. GILLIE,

Managers on the Part of the House.

