

[June 22, 1935]

THE CONGRESSIONAL FRONT.
By Congressman Everett M. Dirksen
16th District.

FARMERS. This entire news letter deals with Agriculture and seeks to give an unelaborated factual account of agricultural adjustment as provided by the Administrator of the AAA Act. The report is 450 pages in length and filled with facts and figures and this seeks to be nothing more than a digest of such information as may prove of interest to farmers everywhere.

ECONOMIC POSITION OF AGRICULTURE. Farm cash income for 1929 was 10479 million, for 1932 it dropped to 4328 million, then rose progressively in 1933 to 5051 million and in 1934 to 6100 million. Rental and benefit payment constituted 2.6% of cash farm income in 1933 and 7.3% in 1934. Taking pre-war prices as an index of 100, price in December 1933 stood at an index of 78 and in December 1934 at 101. At the close of 1933, there were 1,925,000 production control contracts in effect. This jumped to 3,699,000 at the close of 1934. The purpose of the AAA was to bring about parity or fair exchange prices for farm commodities. In December 1933, farm prices were 67% of parity. In December 1934 they were 80% of parity. At the close of 1933, there were 60 marketing agreements in effect. At the close of 1934 this number increased to 107.

DROUTH FACTS. A total of \$153,600,000 was allotted to the AAA for drouth relief. From more than 675,000 farms, the AAA purchased 7,815,126 cattle the total cost of which up to January 1, 1935 was \$102,744,000. The purchase price ranged from \$1 to \$14 per head to which was added a service payment ranging from \$3 to \$6 per head. In addition, \$7,136,309 was expended for sheep and goats, total purchase cost for sheep being \$2 per head and \$1.40 per head for goats. Out of this fund 25 million was allotted for seed conservation purchases.

COTTON. The world carry-over of American cotton from one crop to another was 11,588,000 bales in 1933, 10,634,000 bales in 1934 and an estimated 8,300,000 bales in 1935. Average price received by cotton producers for different crop years as 6.5¢ per pound in 1933, 9.7¢ per pound in 1934, and 12.6¢ per pound in 1935. In 1934 the number of cotton acres taken out of production was 10,497,000. Acreage reduction in 1935 amounted to 14,603,000 acres. On March 1, 1934, 1,004,000 cotton adjustment contracts were in effect. Rental and benefit payments to cotton farmers to December 31, 1934 amounted to \$202,546,560. Cotton farmers received 3.5¢ per pound on the estimated amount of cotton that would have been produced on land rented to the AAA and in addition, received 1¢ per pound on 40% of their base production. The processing tax levied on cotton amounts to 4.2¢ per pound which is at the rate of \$20.08 per 478 pound bale. Processing taxes do not apply to cotton exported. In consequence, the processing tax is levied on about 40% of the total amount of cotton produced in the U. S.

WHEAT. In 1930-32, about 66 million acres of wheat were planted. This dropped to 60 million acres in 1934. Average yield for a 10 year period was 12.5 bushels per acre but in 1934, the average yield dropped to 8.2 bushels per acre. The United States produced 746 million bushels in 1932, 529 million in 1933 and 496 million in 1934. Before 1933, our exports of wheat averaged about 89 million bushels annually but under the World Wheat Agreement our export quota was set at 47 million bushels. Actual export however amounted to only 26 million bushels. For 1934, farmers signed 577,254 wheat adjustment contracts. The AAA estimates that from 56 to 58 million acres would be ample to take care of our domestic and foreign wheat requirements. The processing tax of 30¢ per bushel which was levied on all wheat milled for human consumption brought into the Treasury a revenue of almost 133 million dollars up to January 1, 1935 out of which, 128 million was paid to farmers in the form of benefits.

CORN AND HOGS. In 1934, farmers in the corn belt took 13,030,000 acres out of corn production under contract with the AAA for which they received a total of \$111,840,000 in cash benefit payments at a rate of 30¢ per bushel for the corn that was estimated to have been sacrificed by this reduction. In addition they received \$5 per head on 75% of their hog production where they reduced the farrowings by 25% which made a total of \$203,700,000. Corn loans were made at the rate of 45¢ per bushel on 271 million bushels of corn stored on farms which totaled \$121,000,000. The AAA estimated that normal corn production on adjusted acreage in 1934 would have been about 2.2 billion bushels, which would have been about 375 million bushels below the two year average of 2.6 billions bushels. Instead of that, the 1934 crop produced about 1.3 billion bushels which is about one and one fifth billion bushels under the average. Quoting the report "nearly three fourths of the actual change in corn production from the two year average was due to drouth." The processing tax on live hogs started at 50¢ per hundred on November 5, 1933 and was increased to \$1 per 100 pounds in December, to \$1.50 in February and to \$2.25 per 100 pounds in March 1934. The processing tax on corn was fixed at 5¢ per bushel and has not been changed. The processing tax on corn brought in a revenue of about 7 1/3 million dollars and the processing tax on hogs yielded about 172 1/2 million dollars. In the fall of 1933, 6,200,000 pigs and 220,000 sows were purchased to ease the hog market, the heavy hogs being converted into relief meat and the light pigs into tankage and grease. An additional 1,400,000 head was purchased up to May 1934 for relief purposes.

DAIRY PRODUCTS. On December 31, 1934, 48 milk licenses were in effect covering about 25% of the fluid milk consumption in the markets under Federal license. The price of dairy products in December 1933 was estimated to be 75% of their fair exchange or parity value and in December 1934, it was estimated that they had increased to 85% of parity prices. A total of 67 million pounds of butter and 18 million pounds of cheese were purchased under the surplus removal program and distributed thru relief agencies. Under the emergency disease eradication act, nearly 7 million cattle were tested for tuberculosis and about 1 million for Bang's Disease. Over 300,000 diseased cattle were eliminated, maximum payments for grade animals being \$20 per head and maximum for pure bred animals being \$50 per head.

TOBACCO. About 289,000 farmers in the tobacco growing areas signed contracts for the reduction of production of tobacco on a base acreage of 1,800,000 acres, calling for an average reduction of 34%. Under the Kerr-Smith Tobacco Act which does for tobacco what the Bankhead Act does for cotton, growers who failed to sign up were taxed from 25 to 33 1/3% of the first sale price of tobacco. The annual consumption of tobacco in the U. S. is a little less than 3 billion pounds. The processing tax on tobacco was set at 4.2¢ per pound except for such types as are used for twist and chewing tobacco on which a tax of 3.2¢ per pound was set. Since February 1935, the latter tax has been reduced to 2¢. Processing taxes on Tobacco yielded a little over 29 million dollars and cash benefits to tobacco growers were a trifle less than 18 million. There are seven varieties of tobacco covered by adjustment contracts all carried different rates of benefit payments. The AAA paid a certain amount for each acre contracted and to that added an adjustment payment and a deficiency payment. Payments in 1934 ranged from \$23 per acre in Wisconsin to \$54 per acre in the New England states.

SUGAR. On the basis of an estimated consumption of 6,476,000 short tons of sugar for the U. S. in 1934, the AAA allotted 1,556,166 short tons to beet growers, 261,034 tons to cane growers in the U. S. and the balance to Hawaii, Cuba, Porto Rico and the Philippines. Cane and the beet growers in this country were given 28% of the total quota of sugar to be produced for consumption. A processing tax of one half cent per pound, estimated to yield \$64,000,000 was imposed. To offset this, a reduction of one half

cent per pound, estimated to yield \$64,000,000 was imposed. To offset this, a reduction of one half cent per pound in the duty on imported sugar was authorized to protect the consumer against high prices. Beet growers were guaranteed \$1.25 per ton on beets and cane growers were guaranteed from \$1.29 to \$4.42 per ton on cane, depending on the sugar content.

CATTLE. The AAA estimates that we had 67,000,000 cattle in the U. S. as of January 1st, 1934. During the year 1934 this number was reduced by 10 million, of which almost 8 million were purchased under the emergency drouth program and distributed for relief purposes.

RICE. The farm value of rice in 1932 was 16 million dollars. In December 1934 it was estimated at 29½ millions. A production quota of 24,084,000 bushels of rice was set for 1934 but production actually exceeded the quota by more than 4 million bushels. In 1932 the price of fancy rice was about \$.240 per hundred pounds. For the crop year 1934-1935 it had gone to \$3.78 per hundred. The rice program was handled under a marketing agreement, whereby the Secretary of Agriculture set the price and both millers and growers of rice agreed on price to be paid to the grower and the acreage to be reduced.

ILLINOIS STATISTICS. 1934

No. of Adjustment contracts on all commodities		141,735
Corn-hog adjustments		117,740
Wheat adjustment contracts		23,982
Tobacco adjustment contracts		13
Expense of administration of AAA in Illinois	\$	435,278
Wheat benefit payments (1934)	\$	3,106,796
Corn Hog (1934)	\$	22,163,377
Tobacco	\$	705.30
Total wheat benefit payments (1933 & 1934)	\$	3,756,181
Total corn hog benefits (1933 - 1934)	\$	22,812,945
Processing taxes paid by Ill. to Dec. 31, 1934.	\$	106,858,350
Process tax on wheat	\$	12,138,588
Cotton	\$	4,772,232
Tobacco	\$	719,375
Field corn	\$	1,179,436
Hogs	\$	87,263,935
Paper and jute	\$	540,092
Sugar	\$	195,509
Miscellaneous	\$	49,717
Expenditure in Illinois for removal of surplus commodities (hogs, cattle, butter and cheese	\$	34,975,493

NOTE: Illinois paid more processings taxes than any state. Next to Illinois is New York with 69 million.