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FARM PROGRAM

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

FARM PROGRAM

FEBRUARY 4, 1965.—Referred to the Committee on Agriculture and ordered to be printed

To the Congress of the United States:

The bounty of the earth is the foundation of our economy.

Progress in every aspect of our Nation's life depends upon the abundant harvest of our farms.

Because 7 percent of our work force can produce our food and fiber, the vast majority of Americans can work at other tasks that make our democracy strong and prosperous.

Because our people eat better at less cost than any other people in all the world's history, we can spend our earnings for the many other things which make life rewarding.

Because we have the means to conquer hunger, we can wage an unconditional war on poverty—and win it.

The farm people of this Nation have made and are continuing to make a lasting contribution to our national prosperity. As a matter of simple justice they should share equitably in this prosperity. They deserve a place of dignity and opportunity.

Farmers want new and expanding markets for their efficient production. Farmers want freedom to grow and prosper, freedom to operate competitively and profitably in our present economic system.

As a nation we are increasingly recognizing that food and agricultural policies affect our entire economy. Sound agricultural policy must give full consideration not only to the role of the producer, but also of the processor, the distributor, the exporter, and the ultimate

consumer. This is one major reason for a national investment in agricultural programs.

Farm policy is not something separate. It is part of an overall effort to serve our national interest, at home and around the world.

WHAT WE WANT TO DO

These are the objectives which should guide us:

1. *An abundance of food and fiber at reasonable and stable prices for the people of the United States.*
2. *Effective use of our agricultural resources to promote the interest of the United States and world peace through trade and aid.*
3. *A workable balance between supply and demand at lower costs to the Government.*
4. *Opportunity for the efficient family farmer to earn parity of income from farming operations.*
5. *Parity of opportunity for all rural people, including new opportunity for small farmers.*

The gains which we have made in the past 4 years—in raising farm income, in reducing surplus stocks, in promoting new economic opportunity in rural areas—point the direction we should continue to follow.

THE RURAL SCENE

Rural America is the scene of one of the greatest productive triumphs in the history of man. Yet, despite its service to the Nation, rural America is also the scene of wasted human talent, where there are too many people without jobs and too many with only part-time jobs.

Opportunity in rural America will require wise farm programs to support and stabilize the incomes of commercial family farmers. It will require solutions to the problems of small farmers and those who live in the towns and villages of rural America.

Only one of four rural families now lives on a farm. Only 1 out of 10 boys now growing up on farms can expect to earn a good living as a full-time farmer. Most young people in rural areas must go elsewhere to find their opportunities.

I am determined that the farmers who have been efficient and successful in agriculture shall be fairly rewarded for their success. And I am equally determined that the rural community which has sustained the growth of agriculture shall have the chance to broaden its economic base and the range of opportunity which it can offer the children of its families.

To the White House in recent months have come hundreds and thousands of letters from men and women who live in rural America. Their words are eloquent testimony to the changes which are occurring there and to the uncertainty which those changes are causing:

Thirty years ago, over 7 million American families lived on the farm. Today 3½ million families feed a population that has grown by 50 percent. Enough food is left over to fight hunger among free people all around the globe.

Thirty years ago, a good farm in the Midwest operated with a capital investment of \$18,000. Today, nearly \$100,000 is needed. In the Southeast, capital requirements rose from \$4,500 to \$30,000.

Farmers with inadequate resources make up one segment of rural America's great unsolved problem of underemployment. Another is made up of families who have left the farm but have not yet found a place in the nonagricultural sector of the economy. A third consists of families displaced by the decline in the rural-based extractive industries—mining and lumbering.

The rural unemployed and underemployed are largely out of sight. Most of them are hidden in the remote valleys of Appalachia and the Ozarks, on the unpaved side roads of the South, in the once-rich timberlands of the North, on Indian reservations, and in the worn-out mining communities of the West.

The results of opportunity's decline in rural America are reflected in harsh facts:

Lack of a decent life is almost twice as prevalent in rural America as it is in urban America. Only 30 percent of our families live in rural areas, but they include 46 percent of those American families with incomes under \$3,000.

Rural America has almost three times the proportion of substandard houses found in urban areas. A fourth of all farm homes and a fifth of rural nonfarm homes are without running water. Over 14,000 rural communities of more than 100 population lack central water supplies.

Rural people lag almost 2 years behind urban residents in educational attainment. They often suffer from a lower quality of education. Per pupil expenditures for elementary and secondary education in rural school districts are substantially below expenditures in urban districts.

Rural communities lag in health facilities. Rural children receive one-third less medical attention than urban children. Their mortality rate is far higher.

These deficiencies feed on one another. They leave too few resources to support education, health, and other public services essential to development of the talent, skills, and earning power of the people.

PARITY OF OPPORTUNITY FOR RURAL AMERICA

These facts require a national policy for rural America with parity of opportunity as its goal.

There has been a steady migration from our countryside. In the 1950's more than half of America's rural counties suffered a population loss. But farmers who are handicapped by poor health, age, or lack of skill in any occupation outside of farming and who leave their home communities for want of opportunity often create new problems—for themselves, for the communities they leave, and for the cities which receive them.

When people move away from rural areas, the area suffers. Migration leaves vacant stores, abandoned churches, empty schoolrooms, declining tax bases, and a declining ability to support a minimum level of public service.

This is what we need to have parity of opportunity for rural Americans:

National economic prosperity to increase their employment opportunities;

Full access to education, training, and health services to expand their earning power; and

Economic development of smaller and medium-sized communities to insure a healthy economic base for rural America.

When the rural citizen, his community, business, and government cooperate, the chances for a better rural life increase. Local leadership and initiative are necessary if rural development is to keep pace with the needs of the people. But government can and should provide information as well as the technical and financial assistance which will speed progress.

Many measures enacted by the Congress in recent years are assisting rural communities in building new opportunities for their citizens. Others I have recommended this year aim at these same objectives.

The Area Redevelopment Act has helped scores of small- and medium-sized communities through loans to new industrial enterprises and loans and grants for needed public facilities. I will soon make recommendations that will urge this act be improved and made permanent.

Under the Economic Opportunity Act, communities will be carrying out programs to provide new opportunity for low-income rural families.

The Department of Agriculture has a wide range of programs to assist in rural economic development—loans for telephone systems, for recreation enterprises, for development of forest resources, for community water systems, and for rural housing. The small watershed and resources conservation and development programs add to business activity in rural areas.

The development of new job opportunities in rural areas has been considerably aided in the past by a strong program of rural electrification. The ability of rural areas to attract and support industrial activities—one of the fundamental solutions to the basic problem of our farm population—rests in very large part upon the availability of electric power. We must and will continue our efforts to enable those areas that do not presently possess an adequate power supply to meet their growing demands and insure that the benefits of industrial diversification are available in rural areas.

Many other activities of the Government are assisting businessmen and farmers to revive dying economies and raise the level of public services in rural areas. These include aid for community facilities, employment services, health and education programs, small business loans, job training, and development of outdoor recreation.

Yet gaps remain between the levels of living in rural America and those of urban America; in income, in education, in housing, in health and sanitation facilities. Parity of opportunity remains a distant hope for many. It is a challenge we must meet head on.

REACHING OUT TO RURAL AREAS

In my earlier messages to the Congress, particularly those on education and health, I have proposed measures to assist those areas of our country and those families most in need, both urban and rural.

It is not easy to equitably distribute Federal assistance to a scattered rural population. Rural communities often lack the specialized organizations found in major cities which keep informed of development programs and initiate action to make use of them. Special measures must be taken both by the States, and by Federal agencies to reach rural people, particularly in remote areas.

Since it is clear that an administrative office for each Federal agency or program cannot and should not be established in every county, a method must be developed to extend the reach of those Federal agencies and programs which should, but do not now, effectively serve rural areas.

Accordingly, I have asked:

1. Each Department and agency administering a program which can benefit rural people to assure that its benefits are distributed equitably between urban and rural areas.

2. The Secretary of Agriculture and the Director of the Budget to review carefully with the head of each department or agency involved, the administrative obstacles which may stand in the way of such equitable distribution. They should propose administrative or legislative steps which can be taken to assure that equity is attained to assure full participation by rural areas.

3. The Secretary of Agriculture to put the facilities of his field offices at the disposal of all Federal agencies to assist them in making their programs effective in rural areas. The Secretary is creating within the Department of Agriculture a Rural Community Development Service, which will have no operating programs of its own but will devote its energies to assisting other agencies in extending their services. I have requested funds in the 1966 budget to finance this service and to strengthen the capacity of the Cooperative Federal-State Extension Service to assist rural communities in forming strong and active development organizations. In the meantime, I recommend that the Congress:

1. Enact legislation to equalize the availability of home mortgage credit in rural areas. This can be done by supplementing the mortgage insurance programs of the Federal Housing Administration with a rural mortgage insurance program to be administered by the Department of Agriculture. The Department has administered a direct housing loan program since 1949. But an insurance program will enable the Government to assist effectively a far greater volume of home building with a minimum of budget costs. The Federal Housing Administration has initiated action to extend the effectiveness of its insurance programs in areas where private lenders do not now fully utilize its services.

2. Increase the annual limit upon the Department of Agriculture's existing loan insurance program, which insures not only farmownership loans but loans for community water systems and recreation development.

We have the opportunity now to provide the means by which people in rural towns and on inadequate farms can join the march toward a better life. We must seize this opportunity.

PARITY OF INCOME FOR AMERICAN AGRICULTURE

The commodity programs which were initiated 30 years ago in the administration of President Franklin D. Roosevelt have helped to create a commercially successful agriculture. I propose that these commodity programs be continued and improved.

Over the past 4 years our commodity programs have raised and sustained net farm income at an annual level nearly \$1 billion above 1960. Few activities so dramatically indicate the value to farmers of good programs well administered. Yet the consumer is the major

beneficiary of farm progress. While retail food prices have risen in recent years, the prices of what the farmer sells have actually declined 15 percent since 1947-49.

Our agricultural abundance has also made possible the food stamp, school lunch, surplus food distribution, and special milk programs. These projects are essential to our needy people and to our school-children.

The skill of our family farmers is not an accident. It is the product of a century of public policy aimed at improvement of our agriculture.

Research and education, credit and conservation, and price stabilization have all served us well. They have benefited all Americans, though they were designed as programs for farmers.

Progress is never free of problems. Agricultural progress has made price and income support programs increasingly necessary and increasingly difficult.

The basic need for farm programs arises from the farmer's economic isolation and his enormous capacity to produce. We have today at least 50 million acres more cropland than is required to produce all of the food and fiber that we can consume plus all we can export. Without programs to guide production, new crop surpluses would be inevitable. Even relatively small surplus can depress prices below cost of production levels.

Independent studies by university economists are unanimous in their basic conclusion: *the removal of price and income supports would have a catastrophic effect upon farm income.*

For three decades we have had programs which, by one means or another, have sought to achieve a balance between supply and demand. Born in the emergency of the 1930's, they have countered the income-depressing potential of the revolution in agricultural production.

Our farm programs must always be adapted to the requirements of the future. Today they should be focused more precisely on the opportunity for parity of income for America's family farmers and lower Government costs. But we must recognize that farm programs will be necessary as long as advance in agricultural technology continues to outpace the growth of population at home and markets abroad.

We need to change much of our thinking on farm policy. Just as we do in other segments of our economy, we need to separate the social problems of rural America from the economic problems of commercial agriculture. We need to be concerned about both, but the answers to each may be different.

Our programs should—

provide efficient family farmers an opportunity to earn parity of income;

assist those small farmers who have little chance to enlarge their operations but whose age, physical handicap, or lack of education, prevent their shifting to other employment; and

Assist those farm families who seek to enlarge their productive resources in order to obtain a decent living and have the opportunity and capacity to do so.

We must also continue to tie domestic farm policies to our international trade objectives by pricing our products for export at competitive world levels and by relating our production to the longer term demands of world markets.

Our objective must be for the farmer to get improved income out of the marketplace, with less cost to the Government.

To do this, I am asking the Secretary of Agriculture to so utilize the Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies.

PRICE SUPPORT AND PRODUCTION ADJUSTMENT PROGRAMS

I recommend to the Congress that the programs now in effect for our major commodities be continued and improved.

These programs can continue to serve our objectives of increased freedom of operation, a steady improvement of incomes, a greater reliance on market forces, and lower Government costs.

Building on present programs, I recommend the following legislation:

Wheat and feed grain

Voluntary feed grain and wheat programs should be extended. Specific recommendations will be transmitted to the Congress which will permit the operation of these programs to be simplified and make it possible for additional crops—particularly soybeans—to be grown as needed on acreage diverted from grains.

Authority should be continued for the Secretary of Agriculture to set price support levels and to adjust other program features as conditions may require.

Cotton

The cotton program of 1964 should also be extended and improved. It is essential that cotton be competitive with other fibers and in world markets. At the same time we must adopt measures to reduce the cost of this program and the level of stocks. Specific amendments to current legislation will be suggested to accomplish these objectives.

Tobacco

The tobacco program must also be reappraised this year. Yield increases, higher Government costs, deterioration in quality, and loss of foreign markets have weakened what has been a highly successful program.

Legislation is needed to authorize production and marketing limits on an acreage-poundage basis. Consideration should also be given to revisions in our programs which will make American tobacco more competitive in world markets.

Rice

Consideration should be given to amending the price support program for rice to support market prices at competitive world levels, and to provide additional supports for producer incomes from the proceeds of marketing certificates.

Wool

The Wool Act, which expires early next year, is operating successfully to help stabilize wool production and bolster producer income. I recommend that it be extended with minor amendments which will be transmitted to the Congress.

Livestock

The sale of meat animals amounts to nearly one-third of all farm income. The stability of this vital phase of our farm economy is based on the continued stability in our feed supply.

We will continue to cooperate with livestock farmers and ranchers so as to maintain a fair price in the marketplace. We will help them to build markets here and abroad, and to preserve fair competition in the marketing of livestock and livestock products, and continue our present measures which will prevent an undue increase in imports.

Other commodities

Continuing study is being given to programs and needs for other agricultural commodities and appropriate changes and recommendations will be made as circumstances may require.

TRANSFER OF ACREAGE ALLOTMENTS

I recommend that acreage allotments and bases under the several production adjustment programs be made transferable by lease or sale to family farmers in the same State.

This will permit some small farmers to expand their acreage. Others who no longer wish to farm can add to their incomes by leasing or selling their allotments.

LONG-RANGE CROPLAND ADJUSTMENT PROGRAM

The annual acreage diversion and acreage allotment programs now in effect should be supplemented by a long-term cropland adjustment program.

I recommend to the Congress a program which will reduce the cost of our production adjustment efforts, assist landowners in turning their land to nonagricultural uses such as recreation and to forestry, and assist small farmers who want to do other work while remaining in their communities. The proportion of land which could be covered by this program in any area should be limited to protect our communities.

Agriculture's excess production capacity is a longrun problem. A long-term land use program can achieve a large part of the needed adjustment more effectively and with greater benefits than annual diversion programs.

This program will reduce the annual cost of other programs by more than its own cost. It will provide enduring benefits not realized under present programs.

The purposes of the cropland adjustment program will be served if much of the land is permanently removed from production. Every reason exists, therefore, for applying a contribution from this program to the cost of public purchases of cropland for recreation, for enhancement of natural beauty, for prevention of air and water pollution, or for open space purposes.

I recommend that the authorizing legislation permit funds appropriated for cropland adjustment to be used to augment moneys raised by States and local governments and those which are provided by the Federal Government through the land and water conservation fund and other programs for public land acquisition.

RESERVE STOCKS

It is time to consider our requirements for agricultural commodities in a reserve for national security, for emergency relief purposes, and for domestic economic stabilization.

The President should be authorized to determine the levels of commodity stocks required and to take actions to insulate these stocks from the market so that they might be preserved for time of emergencies.

The costs incurred in maintaining that part of our commodity stocks designated as reserves should be separated from the cost of farm price and income support programs. The Commodity Credit Corporation would continue to manage the stocks in conjunction with price support operations.

AGRICULTURAL TRADE

The welfare of American agriculture is closely linked to foreign trade. Our 1968 goal of \$6 billion farm product exports was reached in 1964. American farmers last year accounted for one-fourth of U.S. merchandise exports.

These exports have strengthened farm prices, brought additional business income, reduced our surpluses and storage costs, and have helped our international balance of payments. Abroad, they have contributed to political stability and economic progress.

We are not content with the gains we have made in world markets. We expect to make additional gains by improving the means by which we can be competitive in price, in quality, in service to our customers. We will merchandise our products actively, but with full regard to rules of commercial conduct between friendly nations.

In the trade negotiations underway in Geneva, we shall make every effort to achieve liberalization in agricultural as well as industrial products.

WORLD PROGRESS AND PEACE

The food for peace program is good international policy and it is sound economic policy. Food is a powerful weapon for peace. People who are hungry are weak allies of freedom. Men with empty stomachs do not reason together.

We broadened the food for peace program last year and are continuing to study ways to broaden it further. Food shipments under this program help to expand it by building food habits which increase the demand for U.S. products. As the economies of recipient countries are strengthened through American aid, we are able to shift from outright grants of food to concessional sales for foreign currencies and later to sales for dollars.

Foreign currencies accruing from the sales of commodities under the food for peace program have also provided funds for a worldwide market development program, which has played a significant role in bringing about the dramatic increases in commercial farm exports.

This same program has also strengthened growing economies, contributed to rising standards of living, promoted international stability, and literally saved lives in many less-developed countries. Our agricultural resources are thus making a significant contribution to the prospects for peace in the world.

These contributions must continue. They will be increasingly directed toward assisting agricultural development in less-developed, densely populated countries, thus fostering overall economic growth, higher living standards and better nutrition. The disturbing downward trends in food output per person in both Asia and Latin America in recent years must be reversed. And these trends can be arrested and reversed only by a massive mobilization of resources in both the food-deficit countries and the advanced countries of the industrial West.

As I pointed out in my message on foreign aid, we must use both our agricultural abundance and our technical skills in agriculture to assist the developing nations to stand on their own feet. Under our assistance programs we will make full use of the agricultural know-how in the Department of Agriculture and in the land-grant colleges and State universities. We will enlist the support and cooperation of private agencies and enterprises of all kinds.

To make this food aid most effective, we plan to gear our food-for-peace programs more specifically to the needs of recipient countries and their economic development programs. We may need more flexibility to assure proper nutritional balance in these programs, particularly as they relate to child feeding.

I am asking the Secretary of Agriculture and others concerned to study and recommend changes in agricultural policy that may be needed to accomplish these goals.

COMMISSION ON U.S. FOOD AND FIBER POLICY

All Americans have shared in the fruits of an efficient agriculture. All Americans share also the problems we face in the farm economy and in rural America in the years ahead.

Accordingly, to assist in adapting our farm programs to the needs of tomorrow, and in making rural America a full partner in our national economic progress, I intend to conduct a fundamental examination of the entire agriculture policy of the United States. I will reorganize the National Agricultural Advisory Commission—which has made an invaluable contribution in years past—into a new Commission on Food and Fiber. It will be broadly representative of rural communities, consumers, producers, industry, Government, and the public. I expect it to make a detailed study of our food and fiber policies and to bring additional viewpoints to bear on the place of rural America.

* * *

There are other parts of our agriculture which merit the support of Congress and the attention of all Americans. Conservation of agricultural land is making a contribution to the beauty and the development of our Nation. It can help even more as we attack pollution of our streams and the defacement of our landscape. Research and education must continue to speed our progress in agriculture, to insure the protection of consumers, and to make full opportunity more than a distant hope.

We must win the battle for a better diet. At the same time we must increase the demand for farm products. If the income of all low-income families were brought up to the \$3,000 annual level, per capita consumption of all food would rise by 2 percent. Meat

consumption among these low-income families would rise by 15 to 20 percent, poultry by 10 to 15 percent, milk products by about 7 percent, and fresh fruits and vegetables by 15 to 20 percent.

The Congress has repeatedly enacted legislation to encourage farmers to improve their economic position through cooperatives. This encouragement and assistance will be carried out, in terms of both the letter and the spirit of the law.

The task of achieving a life of quality and dignity in rural as well as in urban America is one that will engage our minds and hearts and our energies for a lifetime.

We begin with the conviction that this is a goal which is right. We go forward with the knowledge that the unparalleled harvest of today's rural America has been achieved because our ancestors said this too was a reasonable goal.

The path we follow may be long. But I am as certain of eventual success as was President Abraham Lincoln when he founded the Department of Agriculture a century ago and thus started us on the path to abundance.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *February 4, 1965.*

