

to do this we have to provide an incentive for them in America to grow cotton.

We have chosen the method of cotton supports because the only alternative to that would be in getting back to where we were many, many years ago when we had terrific battles over tariffs. We either had to raise the tariff to prevent these goods from coming in or provide the incentives that would make the farmer get what he gets. So, if we are going to have prosperity in the whole field of textiles then the consumer is going to have to pay a little higher price.

Now, to get back to some of the impressions I got from our sugar investigation. The first was the fact that Cuba had gone out of the market of supplying the United States. This made a lot of people think that sugar was going to be scarce and they should get into the market. That was one of the things.

The other thing that I remember that was brought out in the discussion we had was the fact that sugar was going to have to be produced in quantities in other places; that there was going to have to be placed in the field of sugar production some incentive and the American people were going to have to adjust to a higher price if they wanted to make people in other countries go into the production of sugar so they could pay higher wages and pay for the cost of investing in sugar plants. It was not because of speculation, there were other effects and that is what you had in mind, was it not, Professor Gray?

Mr. GRAY. Yes, sir.

Mr. STEPHENS. Mrs. Sullivan did not enter into the whole matter. There were other factors involved around the whole thing, not just the one factor of speculators getting into the market. Those are other things, too.

Mr. RHODES. Madam Chairman, I would like to say that I appreciate Congressman Stephens' bringing this point up again. My answer was very short and it may have been misinterpreted. I am not opposed to the cotton program. In fact, I have supported it and have benefited from it for 25 years. It is only the way in which it has operated that it has affected the futures market. On August 1, 1966, the Government had in its inventory over 14 million bales of cotton out of a total carry-over of 16.7 million bales in the country. The Government owned and had in store over 14 million bales of cotton which they were offering for sale.

If you take cotton, in a cotton shirt that sells for \$6 or \$8, the cotton would be worth about 27 to 29 cents. So if you increased the price 50 percent you are only talking about 6, 7, or 8 cents on that cotton shirt. But it has increased the cost.

But I didn't mean to infer that it was bad. Our farmers should have an income comparable to other people's.

Mr. STEPHENS. I did not mean to imply you were giving an erroneous answer. I did not want to leave in the record a statement that we had cotton price supports without the fact that we had them in there with some good explanation.

Mrs. SULLIVAN. Did the Government take over that amount of cotton in order to support the price of cotton?

Mr. RHODES. The Government makes loans on cotton to the farmer.

Mrs. SULLIVAN. It was to support the price the farmer receives.