

Grains Arrangement went into effect, although we recognize that other factors may have contributed to this decline.

The United States should seek to have the wheat provisions of the International Grains Arrangement suspended or materially modified at the earliest possible date.

The new administration should give a high priority to efforts to increase farm exports. Our immediate goal should be to increase farm exports from \$6.3 billion in fiscal 1968 to \$10 billion per year. This would improve our balance of payments as well as strengthen our farm economy.

In order to achieve this goal, it will be necessary to resist the current pressures for new restrictions on imports. It will also be necessary to eliminate the direct payment features of domestic farm programs. Direct payments to farmers on commodities which are produced for export are a disguised form of export subsidy, and are recognized as such by other countries. We cannot expect to persuade other countries to reduce trade barriers such as the Common Market's variable fees as long as we are subsidizing exports through direct payments.

We appreciate the Economic Council's recognition (page 116) of the need for "a restructuring of farm programs"; however, we do not agree with the Council's inference that direct payments should be continued.

New farm legislation should be enacted during 1969 so that farmers will have time to prepare for the changes that should be made in existing farm programs. Further delay in coming to a decision on this issue would only make the problem of adjustment more difficult for farmers.

In developing new farm legislation it should be recognized that the problems of agriculture can be divided generally into two categories: First, the problems of commercial farmers and second, the problems of other farmers.

Farm Bureau supports a transitional program to deal with the problems of noncommercial farmers. This could take the form of whole farm cropland retirement, permanent retirement of allotments, adjustment and retraining assistance, or other means.

For the commercial farmer we recommend a program which would move as rapidly as possible to the market system by phasing out acreage bases, acreage allotments, marketing quotas, and compensatory payments with no limitations on payments to individuals during the phaseout.

The objective should be to create conditions which will make it possible for farmers to get their income in the marketplace rather than being dependent on congressional appropriations. A few farmers should not be penalized because they are larger than others.

The phaseout of acreage controls should be accompanied by an expansion of the voluntary cropland adjustment program (authorized by the Food and Agriculture Act of 1965) with emphasis on whole farms. We are pleased to note that the Economic Report favors an expansion of this program (page 116). As a first step toward getting agriculture on to a sounder footing, funds for new cropland adjustment contracts should be included in the Agricultural Appropriation Act for 1970. This would enable the Secretary of Agriculture to begin to move in the direction of the adjustments that are needed by offering farmers new cropland adjustment contracts in the fall of 1969, a year before the act of 1965 is scheduled to expire.