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Speech before South Carolina State Grange

Strom Thurmond

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This year a considerable amount of important agricultural legislation was enacted, but many very important measures were introduced that were not acted on this year. These measures have been carried over until next January. This is the case with most legislation relating to parity price supports. The sponsors of these measures—and some of these bills were introduced by me—felt that they would have a better chance to get these bills passed if they were taken up next year instead of this year. I will discuss some of these measures more in a few minutes.

LEGISLATION ENACTED DURING THE 1955 SESSION

The Congress extended for an additional two years the law that makes special loan assistance available to livestock producers to assist them in overcoming the effects of the terrible droughts of the past few years.

Another measure enacted into law provides additional relief for distress areas by providing that upon the request of any Governor of any State the Secretary of Agriculture can make available quantities of flour and meal for distribution to people who have experienced serious hardship. Congress authorized fifteen million dollars a year for 2 years to carry out this program. I sincerely hope that the wonderful crops made this year in most parts of South Carolina will make this legislation unnecessary, but if there is such a need, it can be met.

This Congress also passed another bill which was similar to a measure I introduced. This law limits the rate of interest
on disaster loans to 3 per cent a year. The purpose of this measure is clear. Certainly, the last person from whom a pound of flesh should be extracted/is someone who has lost everything from some crop disaster/and who desperately needs credit in order to farm another year.

The Congress this year also removed a penalty feature from the present law/which had worked a considerable hardship in many instances. The old law provided that if a farmer exceeded his acreage allotments, he thereby forfeited his right to receive any payments for conservation practices/performed under the Agricultural Conservation Program. This feature has been removed, so that even if you exceed any of your acreage allotments/you are still eligible to receive your ACP payments.

This year Senator Johnston and I worked together on legislation/ designed to help re-establish the rice industry in South Carolina. In the early days of this country, South Carolina was the leading rice-producing state. At that time South Carolina was also the leading producer of indigo for dyes, but over the years these industries have practically ceased to exist in our State. However, the rice industry is being re-established/and to assist this process, Senator Johnston and I introduced a bill that would assure each producing State/at least 500 acres for new producers. This amount of additional acreage/will promote the growth of a South Carolina-owned and operated rice industry.

Early in the session it was brought to my attention/that veterans living in rural areas were being discriminated against/
under existing law. The law as it then stood/provided that the ceiling on G.I. loan guarantees to veterans in rural areas/ was $4,000, while veterans living in towns/could secure loan guarantees for amounts up to $7,500. I, therefore, introduced a bill that would abolish this unfair provision in the law/and place veterans on an equal basis no matter where they lived. The Congress later passed a House bill containing the same provisions as my bill. I was certainly glad to see this inequity cleared up.

LEGISLATION PASSED BY BOTH HOUSES BUT NOT YET SIGNED INTO LAW

The Farm Credit System/ was one of the major items of legislation taken up this year. In short/this legislation simply continues the existing Farm Credit System/but it encourages borrowers and investors to replace Government funds/ now invested in the System/with their own funds. Heretofore, because the Government supplied the funds/it exercised complete control over the policies and practices of the System. This legislation—which was passed by both Houses/but which the President has not yet had time to consider and sign—will have the effect of increasing the participation in the actual ownership and control of the Farm Credit System/of the people and groups that borrow the money and that invest the money. The bill just passed provides that the Government funds invested in certain units of the System/will be gradually retired over an extended period of time. In keeping with this principle, the bill provides that the borrowers who are now in the process
of buying the Government out of certain units/shall have more representation and more say-so/in the policies and practices of the program. This particular Farm Credit System Bill/did not, however, include any of the more controversial provisions that have been suggested/that relate to the acquisition of the Production Credit Corporations by the Production Credit Associations. Opinion is sharply divided as to whether the Production Credit Associations/will have adequate representation on the boards of the Corporations/that control and regulate the Associations. Also, there is considerable controversy over the burden that might be placed on local PCA's/if certain proposals are enacted/that would require the PCA's to help pay the expenses of the Corporations/and at the same time/contribute funds to retire the Government capital invested in the Corporations. Let me repeat, though: These controversial provisions were not taken up by the Congress in the bill that just passed. This Farm Credit System is a very intricate and complex system, and those proposals will have to receive long and careful study by the Congress in the future.

Another piece of major legislation passed by both Houses/ and certain to be signed by the President/increases the borrowing power of the Commodity Credit Corporation 2 billion dollars—from 10 billion to 12 billion dollars. This is the authorization which finances the Government's price support programs/on dairy products and the basic crops, such as cotton, corn, tobacco, wheat, rice, and peanuts.

On June 30 of this year, it was estimated that the CCC had 8 2/3 billion dollars of its presently authorized 10 billion
dollars in use, and this year's bumper crops/make an increase in the borrowing power of the CCC mandatory.

The Congress also passed a bill to provide relief for farmers in agricultural distress areas/by authorizing funds to be disbursed through the Extension Services/in various ways and for various purposes. For instance, the Secretary might direct that assistance include intensive on-the-farm educational assistance, aid and counsel to local groups on ways to supplement farm income, information on available employment in the area, and in certain cases aid and counsel to farm families who would find it advisable to enter into new and different farm ventures. What the effect of this legislation will be/is difficult to predict. There is a growing need for the services and assistance that can be rendered under this Act, but a law of this kind must be administered intelligently and aggressively/if it is to achieve the purpose for which it was intended.

This spring/I had occasion to talk with some of the leaders of the peach growing industry in South Carolina/with regard to setting up a peach crop insurance program/under regulations set forth by the Department of Agriculture. There is already in operation in South Carolina/a crop insurance program for tobacco. Most tobacco growers have found this program to be very satisfactory, so I have urged the Peach Growers Associations to cooperate with the Department of Agriculture/in working out such a program for the South Carolina peach growers. The terrible freeze that wiped out practically our entire peach crop this year/points up the need for some sort of program/to insure a grower against
the overnight loss of his entire investment. South Carolina peach growers are to hold consultations with Department of Agriculture officials this fall. Eventually, a sound, constructive insurance program should be established.

I also had the opportunity this spring to pay tribute on the floor of the Senate to a legislative program that over the years has done as much to enrich the lives of our farm families as any program ever enacted. I have reference, of course, to our great Rural Electrification Program. I have taken an active interest in the work of REA since its inception in 1935, when I was a member of a joint legislative committee of the General Assembly that wrote the first Rural Electrification Act in South Carolina. Today almost 9 out of 10 of our farm homes here in South Carolina enjoy the blessings of electricity. REA is agricultural legislation of the finest kind, and we must continue this program until every farm home is provided electrical and telephone service.

LEGISLATION INTRODUCED BUT STILL PENDING

This fall a Senate Agriculture Subcommittee will study proposed legislation that would provide additional credit for low-income farmers, including part-time farmers. There is no question but that we must do everything possible to assist low-income farmers to secure badly needed credit. The adverse growing conditions of the past few years make legislation of this sort especially necessary. However, there is less justification for more credit for part-time farmers if the effect
of liberalizing such credit is to encourage people already employed/to enter into farming operations on the side. There are already too many low-income farm family units/that can barely make enough to feed and clothe themselves/without encouraging people already engaged in another gainful occupation/to begin part-time farming operations in competition with our low-income farm families. Of course, anyone who was engaged in farming operations originally/and was forced to supplement his income by doing other work on the side/is to be commended and assisted, but before anyone should be extended Government credit he should at least have some previous history of farm operation. I hope the Agriculture Committee will study this problem very carefully before making recommendations to the Congress.

As I mentioned earlier, most of the acreage allotment and price support legislation is still pending in Committee. One bill providing for 90 per cent of parity supports/passed the House and came to the Senate, where it is now pending. This fall the Senate Agriculture Committee will hold hearings on this bill/and on price supports in general. Next year the Senate will take up these bills and act on them. I have introduced a bill/that would have the effect of making supports at 90 per cent of parity/permanent legislation. I feel strongly/that the farmer should be guaranteed a fair share of the Nation's economic prosperity.
The Senate Interstate and Foreign Commerce Committee, of which I am a member, has acted favorably on a bill which should greatly benefit our farmers in getting their farm commodities transported to the market places at reasonable rates. This is the trip-leasing bill, which provides that truckers may contract to haul farm commodities both to and from the market places. Thus, by being able to carry a payload on the return trip, transportation costs would be cut considerably for our farmers.

Senator Stennis of Mississippi and I introduced a bill that would provide additional cotton acreage so that small farmers would be guaranteed a minimum of four acres. By granting an
increase of 1 per cent in the national acreage allotment, the quotas of farmers now having more than four acres would not have to be cut in order to assure the four acres to every small cotton farmer. The acreage required to bring all cotton farmers up to a minimum of four acres would come out of the 1 per cent increase provided in the bill. I hope the Congress will act favorably on this measure next year.

Congressman Dorn and I introduced another measure that is still pending. This bill would provide for the establishment and operation of a laboratory for the study of the soil and water resources of the Southeast. We introduced this bill at the request of experts in this field who are intimately familiar with the problems and needs of our region in this regard. I hope this additional research facility will be authorized at the next session of Congress.

Senator Scott of North Carolina introduced a resolution that was passed by the Senate which would expand research programs relating to tobacco, especially basic research dealing with tobacco diseases, pests, insecticides, etc. This resolution is now pending in the House. This, too, is a measure that deserves to receive favorable action next year.

This year following the disastrous freeze that destroyed so many crops, I joined Senator Russell of Georgia in sponsoring a bill that would provide relief to farmers and farmworkers suffering crop losses or loss of employment because of drought, freeze, or other such disasters. This measure was not favored by the Department of Agriculture, but it passed the Senate and
went to the House, where it was tabled.

I now want to discuss what I consider one of the most vital areas in the whole field of farm or agricultural legislation: I refer to the disposal of agricultural commodities on foreign markets.

I know that all of you here tonight are fully aware of the importance of finding foreign markets for our agricultural surpluses. Farm commodities are accumulating in large quantities, and we must find some way of effectively and profitably disposing of these commodities. In an effort to cope with this problem, the Congress passed a bill that has been sent to the President/that would increase the funds available to the Secretary of Agriculture/to be used in promoting sales of these surpluses. This law would allow the Secretary to accept foreign currencies in payment for our surplus commodities. The difficulties in this field are many and extremely complex. The Congress has, therefore, increased the authority and discretion of the Secretary of Agriculture/so that he can more effectively promote and administer this program. An indication of the importance of this program can be gained/by noting that Congress saw fit to provide one and a half billion dollars for this purpose.

Now I want to discuss with you another major piece of legislation in this field. I introduced this bill only last Saturday on behalf of myself, Senator Eastland of Mississippi, and 60 colleagues. We hope this measure will encourage the sale of cotton for export/and at the same time limit imports of manufactured cotton products coming into this country. The
purpose of this legislation is to try to solve the many problems
that today confront our cotton growing and textile manufacturing
industries, upon which South Carolina is so dependent. It will
be well for the Senate to give thorough consideration to this
legislation during the fall. At that time, cotton growers,
textile manufacturers, and all interested parties will be given
an opportunity to present their views on this legislation, as
we attempt to solve the problems of these two great industries.

The cotton industry of the United States, from producer
through manufacturer, is facing the most critical period in
history. Our share of the world cotton export market has dropped
from approximately 60 per cent to less than 30 per cent of the
world total, and is in danger of being lost.

Cotton acreage in this country has been reduced from almost
25,244,000 acres on July 1, 1953, to 17,096,100 acres on July 1,
1955. During this period that we have attempted to adjust
supplies through use of domestic production controls, foreign
production has expanded rapidly, with a large part of this
expansion being American-financed. A further increase in foreign
acreage is planned for 1956.

American producers stand alone in their sacrifices to bring
the world supply of cotton into balance with demand, and it has
not been fully demonstrated that we cannot adjust world supplies
by curtailment of acreage in the United States. Already, thousands
of farm families have been seriously affected. By reasons of the
drastic cut in cotton acreage in 1955 alone, according to records
of the United States Department of Agriculture, 55,000 cotton
Farm families were put out of business and 130,000 additional farmers already making less than $1,000 a year were reduced in income by more than $100.

This deplorable situation is the direct result of our foreign agricultural policy, which has failed to take note of the fact that this problem is of a world-wide nature. The loss of our historical and necessary foreign markets promises to be permanent, and unless corrective action is taken immediately, cotton farm incomes, already among the lowest in the nation, will be pushed to new lows. In addition, the world cotton surplus is accumulating in the hands of the Commodity Credit Corporation.

The present Cotton Export Advisory Committee, appointed by the Secretary of Agriculture, has by overwhelming majority strongly urged that U. S. cotton be offered for sale in world markets. The Commodity Credit Corporation Charter specifically authorizes the sale of commodities owned by the Corporation, or acquired for export purposes, in world trade at competitive prices. Furthermore, there is ample precedent for such action in the export programs of 1939-40 and 1944-45, and the fact that Commodity Credit Corporation is selling or has sold approximately nineteen other agricultural commodities for export on a competitive price basis.

To cope with the problem of dwindling exports of U. S. cotton and to prevent further drastic cuts in U. S. cotton acreages which would be made necessary if we do not re-establish and maintain a fair share of the world fiber market for cotton, the
Department of Agriculture has been attempting to develop an export sales program under which U. S. cotton may be sold competitively in the markets of the world. Any program to be effective and beneficial to farmers must augment the total available market and not merely serve to displace outlets which would otherwise be available. The position of the domestic mills as customers of the American farmer is already endangered by the foreign trade policies and actions of the U. S. Government. This grave situation in itself calls for immediate corrective action.

There has been in effect for a number of years for raw cotton, as there has been for wheat, an import quota under section 22 of the AAA to protect the higher price paid to domestic farmers. But, unlike flour, there has been no corresponding quota on cotton textiles. Therefore, if U. S. cotton is sold in the world market at prices below those paid by domestic mills, it would be certain to result in increased imports of cotton textiles not only displacing cotton which farmers would otherwise sell to domestic mills, but also destroying the ability of the domestic mills to remain in business and continue to serve as the principal outlet for U. S. cotton.

Adequate cotton acreage is essential for a healthy agricultural America, and vital to our cotton-economy mills and producers.

If farmers are to have the opportunity to maintain their fair share of the world market without destroying their market at home, it is essential that there be established a coordinated program. Such a program would assure cotton sales in the world
market at competitive prices and provide a textile import quota under section 22 which would permit foreign exporters of cotton textiles a fair share of the domestic market on an historical basis and at the same time prevent the excessive textile imports which would result if foreign mills were to be given lower priced cotton than American mills.

This bill directs the adoption of such an over-all coordinated program. A program of this nature is essential if we are to prevent complete disruption of the economy of the cotton producing and manufacturing areas.

THE END

Foreign aid - 1945-55

3.7 billion = Econ aid
20 x = mil, "

57 billion