

national average). Prices are adjusted for location and quality differences. Prevailing market prices in the Texas High Plains are currently 50 to 75 cents per bushel below CCC's minimum sales price.

Policy Options:

Current statutory authority is limited. The Secretary of Agriculture cannot offer a Livestock Feed Program limited either to the Texas stored grain or to the 83 million bushels of lower quality grain stored around the nation. Activation of a nationwide program is estimated to cost \$1.0 to \$1.5 billion and could involve the distribution of as much as 800 million bushels of grain.

While the President could declare just Texas to be a Presidential disaster area and therefore eligible for the Herd Preservation Program, other states would presumably question why only one of the 32 drought affected states was so designated.

The option of determining the stored grain to be out of condition or deteriorating, as has been charged by Commissioner Hightower of Texas, is simply not supportable by the facts. The grain has not significantly deteriorated since it was put in storage in Texas.

Another option and one which may offer the possibility of localizing the drought assistance while limiting government exposure to only the approximate 83 million bushels of grain in question is the Senate passed amendment offered by Senator Bentsen.

The Bentsen amendment requires the Secretary to sell damaged corn (grade 4 and below) to farmers and ranchers eligible to receive disaster loans at a price equal to 75% of the current basic county loan rate. The corn would be for sale thorough September 30, 1984.

The amendment applies to foundation herds of livestock and poultry and secondary livestock.

Though Senator Bentsen stated that he did not intend to include transportation costs, the amendment, as drafted, does include the cost of transportation.

The Department suggests the following redraft of the amendment to exclude transportation.

"Sec. 302(b). To assist eligible farmers and ranchers that have been adversely affected by the drought, hot weather, or related disaster to preserve and maintain foundation herds of livestock and poultry (including their offspring) and secondary livestock, the Secretary of Agriculture shall make damaged corn held by the Commodity Credit Corporation available to such farmers and ranchers."

Commodity Credit Corporation (CCC) Corn Inventory
by State Grading 4, 5 and Sample (8/4/83)
(1,000 Bushels)

<u>State</u>	<u>Country Elevators</u>	<u>Terminal Elevators</u>	<u>Total</u>
Arkansas	--	665	665
Colorado	31	5	36
Connecticut	161	--	161
Georgia	50	--	50
Illinois	1,940	1,808	3,748
Indiana	2,732	1,366	4,098
Iowa	6,746	10,452	17,198
Kansas	56	2,576	2,632
Kentucky	290	30	320
Maine	6	--	6
Michigan	462	607	1,069
Minnesota	6,259	9,370	15,629
Mississippi	--	6	6
Missouri	517	1,341	1,858
Nebraska	919	5,845	6,764
New Mexico	--	101	101
New York	11	905	916
North Carolina	192	--	192
North Dakota	891	92	983
Ohio	133	981	1,114
Pennsylvania	1	--	1
South Dakota	2,032	16	2,048
Tennessee	7	--	7
Texas	3,505	17,670	21,175
Utah	--	6	6
Virginia	21	--	21
Wisconsin	<u>1,411</u>	<u>1,024</u>	<u>2,435</u>
TOTAL	28,373	54,866	83,239



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

West Texas
X

19 OCT 1983

TO: Craig L. Fuller
Assistant to the President
for Cabinet Affairs

FROM: Secretary John R. Block

SUBJECT: Government-owned lower quality grain stored in Texas and other
States

The enclosed table shows the quantity of U.S. Grade Numbers 4, 5, and Sample Grade Yellow Corn as of August 4, 1983. Some of the Grade 4 and 5 have been used for Payment-In-Kind (PIK) and the quantities for some of the States have changed.

Commodity Credit Corporation (CCC) has about 20 million bushels of Numbers 4, 5, and Sample Grade in warehouses located in the High Plains of Texas and about 1 million bushels stored elsewhere in the State.

This Texas corn was part of 45 million bushels of corn which was relocated in 1981 from the Upper Midwest. Almost all of this corn graded U.S. No. 3 or better at the shipping terminals. It downgraded at the destination terminals primarily because of increases in cracked and broken kernels and in foreign materials, through handling at the shipping point (loading the cars) and in transit to the receiving warehouse. Additional breakage has probably occurred at the receiving warehouse through the unloading process and the binning of the grain. However, foreign material resulting from breakage does not necessarily render grain non-storable. If the receiving warehouse is agreeable to store and accept the obligation to deliver to CCC on demand the inbound quality, such grain can be stored.

The warehouseman, through the Uniform Grain Storage Agreement (UGSA), agrees to store grain, maintain the quality, and deliver the quality called for on the warehouse receipts. The warehouseman is bound by these terms unless and until written notification is made to CCC that the quality of the grain is deteriorating and is in danger of going out-of-condition. Upon this notification CCC has 15 calendar days to either load out the grain or transfer it from commingled to identity preserved storage. If the grain has been determined to be deteriorating, CCC also has the option to sell the grain at the prevailing market price and does, in fact, make many sales of this nature.

Sale of storable quality grain by CCC is subject to statutory and administrative minimum pricing requirements. In addition, any sale by CCC must be accomplished in an orderly manner with the least amount of disruption to the market as is possible, and a determination must be made that such sales will not unduly impair any price support program. For marketing year 1983/84, the minimum price that CCC can consider for acceptance for corn is the market price, as determined by CCC, but not less than 146 percent of the 1983 reserve county loan rate, basis U.S. No. 2 yellow corn where stored (\$3.58 per bushel

Administrators
Response to
Charge

Statement of Richard Goldberg
Deputy Under Secretary for Agriculture
International Affairs and Commodity Programs
U.S. Department of Agriculture
before the

Senate Committee on Agriculture, Nutrition and Forestry
Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices
October 20, 1983

Mr. Chairman and Members of the Subcommittee, my name is Richard Goldberg. I am Deputy Under Secretary for International Affairs and Commodity Programs, U.S. Department of Agriculture. I appreciate the opportunity to appear before you today to discuss the impact of the drought on farmers.

This year's drought has been one of the worst in over fifty years and has affected the production of all our major commodities, with the result that many producers have found their sources of income curtailed. In addition, livestock producers have seen the costs of feed for their livestock increase drastically.

Proposals have been made which would require the Secretary of Agriculture through the Commodity Credit Corporation (CCC) to provide corn classified as U.S. Nos. 4, 5 or U.S. Sample Grade at a price equal to 75 percent of the basic county loan rate for that particular grade. This corn would be made available to farmers and ranchers declared eligible for emergency loans as authorized by the Consolidated Farm and Rural Development Act for the maintenance of foundation and secondary herds of livestock and poultry.

The Department of Agriculture has already taken several steps in providing assistance to farmers and ranchers adversely affected by the drought and hot weather. The steps taken by one of our agencies, the Agricultural Stabilization and Conservation Service (ASCS), are as follows:

- * Special provisions have been announced which allow producers in identified drought-stricken counties to graze their livestock on their own Conservation Use Acreage (CUA).
- * Special provisions have been announced which allow producers in identified drought-stricken counties to harvest hay and other forage for their own livestock from their own CUA. We have approved approximately 1,280 counties for harvesting and grazing CUA.
- * All State and county ASCS offices have been instructed to assist livestock producers in need of hay and other roughage in locating producers with excess hay or other roughage available for sale.
- * State and county ASCS offices have been instructed to post in the office the names, telephone numbers, and services which are available for the harvest and transport of forage crops including forage cutters, trucks and balers.

Currently, CCC has in inventory in 27 States a little over 80 million bushels of corn that is U.S. No. 4 grade or lower. The majority of this corn is located in three States: Texas, Iowa, and Minnesota.

This corn is stored in approved warehouses under the Uniform Grain Storage Agreement (UGSA) and is permitted to be commingled with different grades of corn. This is due to the impracticality and costs associated with requiring storage to be segregated by grade. Warehousemen attempt to upgrade the grain when it is received and commingled. Therefore, under the UGSA, CCC would be required to pay premiums to warehousemen for any corn loaded out if it were higher than No. 4, 5 or Sample Grade.

Because there is very little, if any, CCC-owned corn in many States affected by the drought CCC would become involved in a complicated transportation plan in order to furnish CCC low-grade corn to eligible areas. CCC would not be able to use the lower rates associated with unit shipment by rail or rail contract rates due to the expected small lots that would be needed and the necessary widespread distribution. CCC would, therefore, be likely to incur relatively high transportation costs.

In addition, we believe that the 80 million bushels of corn, U.S. No. 4 grade or below, would not be sufficient to meet the demand of all the farmers and ranchers who would be eligible to receive emergency animal and poultry feed. Therefore, some farmers would not receive any of the corn and the Administration and the Congress could be the target of heavy criticism for implementing an inequitable program. Historically, these kinds of programs have been inequitable and subject to abuse.

In the face of criticism that the Administration and the Congress have already received over the amount of money now being spent on farm programs, it is imperative that the problems associated with such a program be brought to your attention.

Thank you, Mr. Chairman, and I will be happy to answer any questions.

discusses the issue

try. For example, tobacco from Thailand is imported into the United States. Yet, we know that Thailand permits the use of DDT, dieldrin, endrin, and paraquat, each of which has been banned in this country for health reasons. Despite our knowledge that pesticides which have been prohibited from use in this country are being used abroad, at the present time we do not monitor or in any way control the importation of tobacco containing residues of these pesticides.

Therefore, I urge you to support this amendment. A virtually identical provision was introduced in the House of Representatives by Congressman CHARLES ROSE of North Carolina earlier this year and was approved unanimously by the full House Agriculture Committee on June 23, 1983. In short, this is that rare provision which benefits both the American farmer and the American public.

Mr. HELMS. Mr. President, I am inclined to accept the amendment and express my appreciation to the distinguished Senator from Ohio. I think he will have a number of tobacco growers in my State and other States singing his praises tonight—they may be singing off tune when you balance off the two amendments, but, seriously, I thank the Senator.

Speaking for this side, I accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. METZENBAUM).

The amendment (No. 2299) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the distinguished Senator from West Virginia, Mr. JENNINGS RANDOLPH, be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2300

(Purpose: To provide for emergency feed assistance in natural disaster areas)

Mr. BENTSEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Texas (Mr. BENTSEN), for himself, Mr. TOWER, Mr. BOREN, Mr. BINGAMAN, Mr. DOMENICI, Mr. BUMPERS, Mr. RANDOLPH, Mr. PRYOR, Mr. DIXON, Mr. MELCHER, Mr. JEPSEN, Mr. BURDICK, Mr. GRASSLEY, Mr. NICKLES, and Mr. MATTINGLY, proposes an amendment numbered 2300.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new title:

TITLE III—EMERGENCY FEED ASSISTANCE
SHORT TITLE

Sec. 301. This title may be cited as the "Emergency Feed Assistance Act of 1983".

Sec. 302. (a) As used in this section—

(1) the term "damaged corn" means corn that is classified as U.S. No. 4, U.S. No. 5, or U.S. Sample grade under section 810.353 of title 7, Code of Federal Regulations; and

(B) the term "eligible farmers and ranchers" means farmers and ranchers who are eligible to receive loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961).

(b) To assist eligible farmers and ranchers in areas that have been adversely affected by the drought, hot weather, or related disaster to preserve and maintain foundation herds of livestock and poultry (including their offspring) and secondary livestock, the Secretary of Agriculture shall make damaged corn held by the Commodity Credit Corporation available to such farmers and ranchers in accordance with section 407 of the Agricultural Act of 1970 (7 U.S.C. 1427).

(c) In making damaged corn available to such farmers and ranchers under this section, the Secretary shall offer the damaged corn held by the Corporation at a price that is equal to 75 percent of the current basic county loan rate for such corn in effect under the Agricultural Act of 1949 (or a comparable price if there is no such current basic county loan rate).

(d) The Secretary shall make damaged corn available for sale, as provided under this section, until September 30, 1984, or the date, as determined by the Secretary, on which any emergency created by the drought, hot weather, or related disaster no longer exists.

(e) Effective for the period beginning on the date of enactment of this Act and ending September 30, 1984, the fifth sentence of Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting "and secondary livestock," after "sheep, and goats, and their offspring."

Mr. BENTSEN. Mr. President, this amendment which I am offering is a simple one. First, it requires the Secretary of Agriculture to make available to drought-stricken livestock producers emergency feed assistance that should have been provided months ago. Second, it requires him to do this by selling, not giving, them damaged grain that is useless for any purpose except livestock feed and which the taxpayers should not be paying to keep in storage.

Mr. President, let me illustrate the need for this amendment with an example from my home State of Texas. The west Texas ranch country has been hit as hard as any part of this Nation by the drought. The USDA declared 23 of these counties as drought disaster areas this summer. Last January those 23 counties contained about 617,000 cattle and about 652,000 sheep and goats. Range specialists in that area now estimate that 60 to 70 percent of those herds have been liquidated, and more are being sold every day. Some of that country had its last significant rain in August 1982, and with normal weather patterns more rain cannot be expected before July 1984.

These ranchers told me that they desperately needed feed for their livestock. I asked Secretary Block to help them out with livestock feed. Instead, USDA offered them Farmers Home Administration disaster loans. Most ranchers said they had too much debt already, and those who tried to apply for these loans found out that under FmHA's regulations this help was like a mirage on the desert—nonexistent.

Then USDA, under increasing pressure, announced that they were lowering the interest rates on these loans and would make regulatory changes to improve this program for ranchers. These changes have not been made public yet, and perhaps they will help. But most ranchers still tell me they have too much debt. They need something a cow can eat, not another note at the bank.

What looks like a bad situation is actually a tragedy, because help is just around the corner. Less than 200 miles from the center of this drought is a huge mountain of livestock feed—enough to feed every animal in those 23 counties for almost 2 years. This corn, owned by the Commodity Credit Corporation, is costing the American taxpayer over \$11 million per year in interest and storage charges. It has been sitting there for 3 years. And it is in such bad condition that it cannot be used for export or for the PIK program. It is suitable only for livestock feed. But USDA will not allow ranchers to use it to keep their herds together.

Mr. President, words cannot express the tragedy, the sheer frustration that these ranchers are facing. They have spent a lifetime developing and tailoring their breeding herds to the demands of this harsh country. Now the worst drought in 30 years has made productive grassland as barren as the marble halls of this Congress, and they must move out, sell out, or starve out.

Why, Mr. President, should the American taxpayer loan money to a rancher and yet deny him the feed he needs to preserve his herd so that he can repay that loan? The combination of the drought and the PIK program have caused feed prices in this area to jump by 25 to 80 percent. Why should the Treasury loan a rancher money to help him, and then spend more money to store cheap feed while requiring this rancher to buy expensive feed? What kind of help is that? What kind of Government policy is that?

I think it is a bad policy and I want to change it.

The Commodity Credit Corporation tells me that they own 83 million bushels of corn that is U.S. No. 4, U.S. No. 5, or U.S. Sample grade. CCC has 21.1 million bushels of that damaged corn stored in Texas, mostly in the Lubbock area. The rest of the damaged grain is stored in 26 other states, with the heaviest concentrations in Iowa, Minnesota, Nebraska, Indiana,

Illinois, Kansas, South Dakota, and Missouri. Disaster designations have been requested or made for counties in each of these States, with most of them coming because of the drought.

Mr. President, the loans that come with these disaster designations are small comfort to most livestock producers. The same drought which made them eligible for these loans has caused the price of feed for their livestock to shoot right through the roof. Even with these loans many livestock producers cannot afford to buy feed at today's high prices in order to keep their herds together.

Mr. President, I think our current situation is ridiculous. This 83 million bushels of damaged grain costs over \$48 million per year in interest and storage, while ranchers need livestock feed and they need it at an affordable price.

Mr. President, the Secretary of Agriculture has the authority to provide livestock feed assistance through several programs. The Secretary can make cash payments to farmers and ranchers to assist them in buying feed. However, this would result in additional cash outlays by the Treasury. I think we should look for the cheapest alternative, considering the record budget deficits that we are running.

The Secretary also has the authority to sell Government-owned grain at reduced prices to farmers and ranchers. But much of CCC's inventory of good-quality grain is being used in the PIK program, and much of the rest is needed as an emergency reserve.

Mr. President, I do not think the taxpayers should have to pay for storing damaged grain. We should get rid of it instead of paying to store it. The USDA should use that option to provide help.

Livestock producers are in desperate need of feed. What better use could this damaged grain be put to than to provide emergency feed assistance to livestock producers in drought areas?

Livestock producers are willing to pay for this grain. In addition, they will transport it themselves. The taxpayers will not have to pay any transportation charges.

By selling this damaged grain as emergency livestock feed we can save the taxpayers a considerable amount of money. We can turn a liability into an asset.

Mr. President, this proposal is good business for the American taxpayer and for the American livestock producer. I urge its adoption by the Senate.

Mr. HELMS. Mr. President, I commend the Senator from Texas for offering this amendment. It provides a reasonable approach to meet the needs of our livestock producers who are suffering from the high cost of livestock resulting from this year's drought.

As I understand the amendment, it would simply provide for the sale, at 75 percent of the current support rate, of CCC corn that is graded 4 or 5, or

lower. In practical terms, corn that is grade 4 or lower is marketable only as feed. It is also my understanding that the producers purchasing this corn would be responsible for the transportation costs, and the estimated cost to the Government is \$64 million.

The concern is the liquidation of herds due to the high cost of feed, and the lack of feed in various areas throughout the country. Costs of feed has skyrocketed primarily due to the PIK program and this year's severe drought.

The purpose of this amendment is to provide relief from the high cost of feed to our livestock producers in order to maintain livestock herds.

The amendment offered by the Senator from Texas offers a realistic approach, to meet the needs of our livestock producers and keeps any additional costs to the Government to a minimum. I urge its adoption.

Mr. DOMENICI. Mr. President, will the Senator from Texas ask that the Senator from New Mexico be added as a cosponsor?

Mr. BENTSEN. I am delighted to do so. I ask unanimous consent that the Senator from New Mexico be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. And the Senator from West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, this is a good amendment. Speaking for our side, we are delighted to accept the amendment.

Mr. HUDDLESTON. Mr. President, we accept the amendment on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas (Mr. BENTSEN).

The amendment (No. 2300) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the Senator from North Dakota (Mr. BURDICK) and the Senator from Wyoming (Mr. WALLOP) be added as cosponsors to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent to have printed in the Record a letter in regard to the amendment just agreed to. I assume the amendment has been accepted, but there are some reservations that ought to be noted in the Record, even though it has been adopted.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C.

Subject: Problems Associated with Loading Out Low Grade Corn.

To: Deputy Assistant Secretary for International Affairs and Commodity Programs.

Under the Uniform Grain Storage Agreement (UGSA), approved warehouses are allowed to commingle different grades of corn for storage purposes. This is due to the impracticality and cost associated with requiring storage segregated by grade.

Warehousemen attempt to upgrade the grain when it is received and commingled. Therefore, it may be impractical to expect the warehousemen to deliver a quantity of a specified low grade at any one time, and, in many cases, it may be impossible for the warehousemen to do so.

Discounts are required for corn loaded out which is a lower grade than called for on the warehouse receipt. Under the UGSA, CCC would be required to pay premiums to the warehouseman for corn loaded out at higher grades from country warehouses, but no premium applies for higher grade corn from terminal warehouses. One-third of CCC's inventory of low grade corn is located in country warehouses, and we would expect to pay premiums on a substantial portion of this corn.

CCC holds more than 83 million bushels of #4 or lower grade corn. The vast majority is located in three States: Texas—21 million bushels; Iowa—17 million bushels; and Minnesota—16 million bushels. Many States where the drought was severest have little, if any, low grade CCC corn in storage. Consequently, large scale transportation may be involved in furnishing CCC low grade corn to drought stricken areas which in many cases are already grain deficit. A major cost could be incurred in this transportation with rates approaching as high as \$3.50 per bushel from surplus to deficit areas, and averaging more than \$1.50 per bushel. CCC would not be able to avail itself of lower rates usually associated with unit trains or rail contract rates, due to the expected small lots needed and the widespread distribution necessary. CCC would also be required to use trucks for moving a substantial amount of the corn which will result in CCC paying higher transportation costs.

ROBERT H. SINDT,
Assistant Deputy Administrator,
Commodity Operations.

AMENDMENT NO. 2301

(Purpose: To exempt noncontiguous areas of the United States from the dairy promotion program)

Mr. MATSUNAGA. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA), for himself, Mr. INOUYE, Mr. STEVENS, and Mr. MURKOWSKI, proposes an amendment numbered 2301.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 22, strike out lines 16 through 19 and insert in lieu thereof the following: "(1) the term 'United States' means the forty-eight contiguous states in the continental United States."

OCT 23 1983 P. A12

Block Said to Lift Opposition To Drought-Relief Program

By Paul Taylor

Washington Post Staff Writer

AUSTIN, Oct. 22—Secretary of Agriculture John R. Block has lifted his opposition to a bill that would provide federally owned corn to drought-stricken livestock ranchers at below-market prices, according to a Texas congressman.

Rep. Tom Loeffler (R-Tex.) said Block telephoned him Friday to say he no longer would fight the drought-relief program. The decision comes after months of pressure from elected Texas officials, led by Gov. Mark White (D) and Agriculture Commissioner Jim Hightower (D).

"Two good things have happened to west Texas ranchers in 24 hours," Hightower said. "A good soaking rain and John Block finally getting off the dime."

Ranchers in west Texas have suffered through a two-year drought that has dramatically reduced their grazing land for livestock. Cattle, sheep and goat herds have been reduced to less than half of their normal sizes.

Under a bill introduced by Sen. Lloyd Bentsen (D-Tex.) that passed

the Senate earlier this month, ranchers would be allowed to purchase government surplus corn at a price tagged to 75 percent of the commodity's loan rate. That price is estimated to work out to between \$1.75 and \$2 a bushel, well below the free market price of \$3.30 for high-quality Panhandle corn.

The Bentsen amendment was attached to a dairy and tobacco bill. The House Agriculture Committee has approved a drought-relief measure that includes a requirement for below-market-rate sale of surplus corn. Unlike the Bentsen amendment, it would restrict sales to foundation herds and flocks and would limit program costs to \$500 million.

About 21 million bushels of damaged government-surplus grain are stored in Texas and more than 83 million bushels nationwide. Most was purchased by the federal government following the Soviet grain embargo imposed by President Carter in 1979. Hightower said last week that an independent analysis of corn stored in one grain elevator in west Texas showed that 77 percent of it had seriously deteriorated.

Several recent newspaper articles

Proprietary to the United Press International, November 11, 1983

Proprietary to the United Press International 1983
November 11, 1983, Friday, AM cycle

SECTION: Regional News

DISTRIBUTION: Texas

LENGTH: 541 words

HEADLINE: Some ranchers unable to wait for govt. corn

BYLINE: By PAULA DITTRICK

DATELINE: PLAINVIEW, Texas

KEYWORD: Corn

BODY:

Some West Texas ranchers, unable to wait for the government to decide whether to release stored corn, already have made winter feeding arrangements, an extension cattle specialist said Friday.

Proprietary to the United Press International, November 11, 1983

Proprietary to the United Press International, November 11, 1983

"It's not near as opportune now as it would have been 60 or 90 days ago," John McNeill of the extension service's Amarillo Panhandle Station said of a proposal to sell corn at reduced prices to drought-stricken farmers and ranchers.

A Senate-House Conference Committee was slated to meet early next week to spell out details of a dairy bill carrying an amendment that would authorize the corn's sale to eligible livestock producers.

Sen. Lloyd Bentsen, D-Texas, and Sen. Pete Domenici, R-N.M., amended the dairy bill so that if passed it would allow the sale of 21.5 million bushels of Commodity Credit Corp. corn stored at a Plainview elevator.

Carl King of Dimmit, president of the Texas Cornrowers Association, said he believed some action would be taken on the proposal next week, adding he wanted to see the grain release authorization made by Thanksgiving.

"I think it would be fairly good, but it would not be real high," McNeill said of current rancher demand for the reduced-price corn.

"Most of them already have gone into their winter-feeding programs. They couldn't wait for the government," he added.

NEXIS LEXIS NEXIS LEXIS NEXIS LEXIS NEXIS

Proprietary to the United Press International, November 11, 1983

Texas Agriculture Commissioner Jim Hightower last summer suggested the government-owned corn stored at the PLB Storage Corp. should be given to ranchers unable to feed their straving cattle on barren rangeland.

The corn has generated controversy as state and federal farm officials disagreed on its quality and on how many bushels of the grain were stored. Federal examiners this week started a thorough inspection of the corn.

Agriculture Secretary John Block ordered the inspection to settle the controversy and also to prepare for the corn's release if Congress approves the dairy bill.

Some cattle spokesmen have estimated up to 50 percent of the cattle from West Texas ranchs have been sold.

McNeill said ranchers have sent their remaining cattle to feedyards or put them on wheat pasture and corn stalks to graze. Some producers have bought cotton seed meal instead of corn to use as supplemental winter feed.

King said the corn he had examined would make good cattle feed. He added the results of the inspection would determine the quality and the price farmers and ranchers would have to pay for it.

Proprietary to the United Press International, November 11, 1983

The amendment calls for grade 2 or 3 corn to be sold at about \$2.10 a bushel, but lower quality corn would sell for less.

"It could be some of them might be buying it for \$1.75 a bushel," King said of the stored corn, adding current corn prices could soon reach \$4 a bushel.

He referred to a government provision to allow drought-stricken ranchers to receive low-interest loans that they could use to buy reduced-price corn if it is released.

The corn, which came from Midwestern corn-producing states, has been stored in the Plainview elevator since the 1980 grain embargo. It was to have been sold to the Soviets as cattle feed.

"What sense does it make to keep paying on below-grade corn if someday you have to bury it with a bulldozer," King said of annual multi-million annual storage costs.

Proprietary to the United Press International, November 11, 1983

brought Schriener Texas ranchers, who have sold many of their cattle, might not be equipped to handle reduced-price government grain if it is released to them, a cattle organization spokesman said.

A dairy bill now before a House-Senate Conference Committee carries an amendment that would allow the sale of some 21.5 million bushels of corn stored in a Plainview elevator since the 1980 grain embargo.

LEVEL 2 - 5 OF 213 STORIES

Proprietary to the United Press International 1983

November 10, 1983, Thursday, AM cycle

SECTION: Regional News

DISTRIBUTION: Kansas

LENGTH: 720 words

BYLINE: By PAULA DITTRICK

DATELINE: PLAINVIEW, Texas

KEYWORD: Corn

BODY:

Four federal examiners are expected to spend two weeks taking hundreds of samples from government-owned corn stored in Plainview in an attempt to settle controversy about the grain's quality.

Proprietary to the United Press International, November 10, 1983

'We're probing from top to bottom ...

... Warehouse Division at Temple.

We said the hundreds of samples taken from about 21.5 million bushels of Commodity Credit Corp. corn at the PLB Storage Corp. would be narrowed to about 70 or 80 composite samples for testing.

Those samples probably will be ...

... among other factors to determine their quality or grade. Inspectors also are taking an inventory to settle questions about the quantity of the stored corn.

Agriculture Secretary John Block last week called for a deep probe reinspection of the corn that had been intended for sale to the Soviet Union as livestock feed before the 1980 grain embargo.

Wiggers said the corn came from the Midwest. Carl King, president of the Texas Corngrowers Association in Dimmitt, said he believed the bulk of it had come from Minnesota and Iowa. Some of the corn also came from Kansas.

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Proprietary to the United Press International, November 10, 1983

It has been stored in numerous buildings and bins at the PLB, which Wiggers said was one of the largest storage area of government-owned corn, for more than three years.

The federal government has received reports that the grain has deteriorated and become insect-infested.

Inspectors insert an air-suction probe into the corn to gather samples from various depths. Storage buildings were divided into sections and numerous samples collected from one section will be blended into ...

... no idea what the procedure would cost. PLB crews were provided to help the inspectors move the deep probe equipment from building to building.

Texas Agriculture Secretary Jim Hightower has criticized federal officials for refusing to release the grain to drought-stricken West Texas ranchers whose cattle are starving because ranchland has turned brown and barren.

Hightower has said the grain is rotting and should be given to West Texas ranchers.

Proprietary to the United Press International, November 10, 1983

Sen. Lloyd Bentsen, D-Texas, and Sen. Pete Domenici, R-N.M., added an amendment to the dairy bill that would allow the grain to be sold at a reduced price to drought-stricken farmers and ranchers.

King said Thursday he believed the legislation would be approved by President Reagan.

Sponsors celebrated a ...

... work out minor differences with a Senate-passed version.

The Bentsen-Domenici amendment calls for lower-grade corn to be offered to ranchers at 75 percent of its loan-rate value, which USDA officials said translates to about \$2.10 a bushel.

The price could drop to less than \$2 depending upon the corn's quality, officials added. The logistics of how the grain will be transported to farmers and who will pay the handling cost has yet to be determined.

"I'm not sure how some of those ranchers are equipped to handle it," said Jim Gill of the Texas Cattlefeeders Association in Amarillo. He added feedyard operators two years ago were denied a request to get the corn released.

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Proprietary to the United Press International, November 10, 1983

Grain producers protested that suggestion, saying the grain's release would lower prices. Proponents of releasing the grain to ranchers say shipping it out of the Panhandle to West Texas would not depress prices.

"It's difficult at this point to know how much (buying) activity there might be" for reduced-price corn, said Wayne Mayfield, executive director of the Agricultural Stabilization and Conservation Service in College Station.

He estimated the highest demand would be from southeastern New Mexico and West Texas south of the Midland-Odessa area.

Livestock officials have estimated that more than half of the livestock herds from West Texas already have been sold because ranchers had nothing to feed their cattle.

A USDA cattle inventory slated to come out in January will report the current livestock inventory for West Texas.

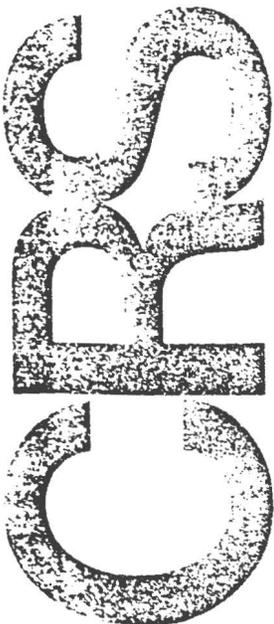
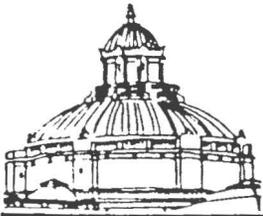
LEXIS NEXIS

Report No. 83-2 ENR

background on
Farmer-Owned
Grain Reserve

FARM PRICE AND INCOME SUPPORT PROGRAMS:
BACKGROUND INFORMATION

Penelope C. Cate
Analyst
Food and Agriculture Section
Environment and Natural Resources Policy Division



May 1982
Updated January 1983

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5) Farmer-Owned Grain Reserve. The farmer-owned grain reserve isolates grain from the market when prices are low, thereby tending to reduce the market supply and force prices up. Rising prices are tempered when grain is removed from the reserve and placed in the market.

The farmer-owned grain reserve was first established under the Food and Agriculture Act of 1977. A wheat reserve was mandated under the Act, with the establishment of a feed grain reserve left to the Secretary's discretion. The 1981 farm bill continued the farmer-owned grain reserve with few changes. One change was to make both wheat and feed grain reserves mandatory. Farmers who place their grain in storage receive an extended nonrecourse loan for up to five years. Loans may be made at levels equal to or higher than the regular loan rate. In addition, interest on the loan may be waived and farmers may receive annual storage payments from the Government. The Secretary may set upper limits on the amounts of wheat and feed grains placed in reserve, but such limits may not be less than 700 million bushels for wheat and one billion bushels for feed grains. Producers cannot take their grain out of storage without penalty until the price reaches a specific "trigger price" as determined by the Secretary. If loans are redeemed before market prices reach the trigger level, the Secretary may recover storage payments and assess penalty interest or other charges. Once the trigger level is reached, producers may elect to remove their grain from the reserve but are not required to do so. When market prices rise to the trigger price, the Secretary is authorized to increase the interest rate on loans, begin charging for storage, and use other methods designed to bring the grain out of reserve.

The farmer-owned grain reserve had been proclaimed a success by farm groups, past and present Administrations, and consumer groups. Supporters of the reserve see it as a dramatic change in policy regarding domestic grain reserves. Instead of tight administrative control over Government-owned stocks, the farmer-owned grain reserve offers flexible economic incentives to encourage private storage by farmers.

Two criticisms have been leveled against the farmer-owned grain reserve program: the cost of operating the program and the price-depressing effects of storing excess supplies. The reserve can involve substantial Federal outlays for loans, interest waivers and storage payments. The USDA estimates the program's cost at \$6.02 billion for FY82. ^{12/} Additionally, critics assert that storing excess supplies is largely ineffective since it only limits the movement of stocks into free trade, and does not result in their consumption. It makes no difference whether the surplus is held by the Government or by individual farmers, the effect is still the same; the industry knows the stocks can flood the market when prices reach a certain level. It makes better sense, critics maintain, to reduce production or use Federal funds to promote the sale of excess supplies abroad, rather than spending money to store the surplus.

^{12/} This figure is based on net lending plus storage costs. Telephone conversation with Wayne Bjorlie, ASCS, USDA, December 15, 1982.

*News of Gov. White &
Ag. Commissioner Hightower
of Texas*

Texans Say Government Corn Rotting While Ranchers Hurt

By Paul Taylor

Washington Post Staff Writer

AUSTIN, Oct. 18—Millions of bushels of government-owned surplus corn are deteriorating in storage and should be given to drought-stricken ranchers who can't otherwise feed their herds, Texas Agriculture Commissioner Jim Hightower said today.

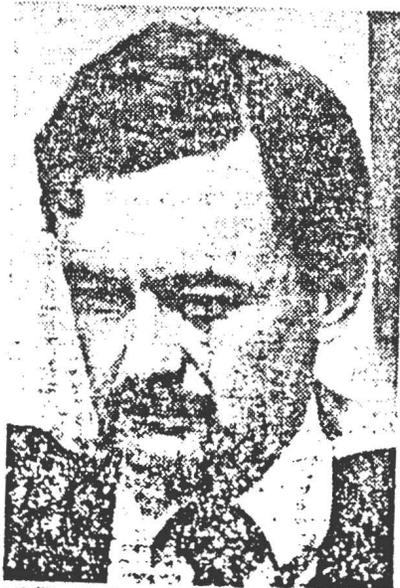
"The corn is going to hell when it ought to be going to west Texas ranchers," said Hightower, a Democrat who has been locked in a politically charged battle with Secretary of Agriculture John R. Block over the disposition of the grain.

Gene Hemphill, a spokesman for Block, responded today that while it may "seem to be a great idea" to give surplus grain stored in west Texas to nearby ranchers, the cost of transporting it to needy livestock farmers around the country would be prohibitive, an estimated \$1.5 billion.

"There is just no way of doing this equitably without running into huge expenses," Hemphill said.

Hightower said that an independent lab analysis he commissioned of 22.6 million bushels stored in the largest grain elevator in west Texas showed that "77 percent of the grain had seriously deteriorated and 53 percent is now below the quality allowable for human consumption."

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JIM HIGHTOWER

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Storage Corp. in Plainview, Tex. "A great deal of it is no longer even fit to feed to sheep or goats—the only thing it can be used for is cattle feed, and some of it won't be fit to use as anything but filler by the time the winter's over."

Hemphill said the corn stored in that particular grain elevator is not deteriorating. He said that it never was intended to be anything but livestock feed. But he acknowledged there are no immediate prospects of selling it.

See CORN, A10, Col. 1

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WEDNESDAY, OCTOBER 19, 1983

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The Washington Post

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Texans Say Needed Feed Corn Is Rotting

CORN, From A1

Hightower, a tart-tongued former consumer advocate who heads the Democratic National Committee's Agriculture Council, said the federal government is paying \$55,000 a month in that single warehouse to store corn that it has no chance of ever selling. That corn alone, he said, would feed every remaining cow,

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Meanwhile, the Texas congressional delegation is trying to come to the aid of the ranchers. Earlier this month, the Senate approved a measure sponsored by Sen. Lloyd Bentsen (D-Tex.) that would force the USDA to sell low-grade surplus corn at 75 percent of the loan rate to

ranchers in drought-stricken areas. The House is expected to consider a similar measure later this month.

The most severe two-year drought in a generation has forced ranchers in a 27-county area of west Texas to liquidate their herds because of grassless grazing land and the high price of feed. According to the Texas Department of Agriculture, there are

300,000 cows on the hoof in the state—less than half the normal number for this time of year—and no more than 250,000 goats and sheep, only one-quarter normal. The rest of the herds have been slaughtered or sold to ranchers in less arid areas.

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According to a USDA inventory, there are 83 million bushels of government-owned, low-quality corn scattered in grain elevators in 27 states. Much of it first went into storage after the United States canceled a grain deal with the Soviets in 1979. More than a quarter of the surplus is stored in Texas, where the effects of the drought on livestock have been most severe.

Hightower and Texas Gov. Mark White have been sharply critical of Block for ignoring their entreaties on behalf of the ranchers, and they have suggested that if Republican Bill Clements were still governor, things would be different. Last year in the middle of Clements' campaign against White, the USDA found a way to channel \$200 million in disaster payments to Texas cotton farmers hit by bad weather.

"If ignorance is bliss, that man must be ecstatic," Hightower said recently of Block, promising to use the drought issue as Democratic campaign fodder in 1984.

House Refuses to Speed Dairy Legislation

United Press International

Resisting heavy lobbying by powerful dairy cooperatives, the House yesterday refused to bypass full debate of legislation that would pay dairy farmers to reduce milk surpluses.

Instead of bringing the bill before the House for extended debate and consideration of several amendments, House Agriculture Chairman E. (Kika) de la Garza (D-Tex.) asked for permission to go straight to a House-Senate conference to work out final details of the bill.

His request was rejected 208 to 188, several hours after the House Agriculture Committee approved the same legislation 28 to 11.

"Rube Goldberg wrote the bill," said Rep. Barney Frank (D-Mass). "Rube Goldberg wrote the proce-

dures by which the House will not consider the bill."

One of several legislators who decried the power and financial contributions of the dairy cooperatives who back the bill, Rep. George E. Brown Jr. (D-Calif.), said:

"The House is being hassled on this bill like it has never been hassled before."

The legislation, already approved by the Agriculture Committee and the Senate, would provide government payments to encourage dairy farmers to reduce overproduction that cost taxpayers \$2.7 billion last fiscal year.

It also would reduce the milk price support level and assess dairy farmers 50 cents per 100 pounds of milk produced to pay part of the costs of the dairy program.

The less controversial tobacco portion of the measure would freeze price supports and gradually take tobacco-growing allotments out of the hands of absentee owners.

House Minority Leader Robert H. Michel (R-Ill.) called the payments to encourage dairy farmers to reduce milk output "loafing payments."

The bill was passed by the Senate on Oct. 7, and was attached to another House-passed bill, which set the stage for the attempted parliamentary maneuver in the House.

Rep. Edward R. Madigan (R-Ill.), ranking Republican on the committee, warned that the Democratic leadership of the committee would "pay a terrible price" for repeated recent attempts to circumvent normal House debate.

IN DROUGHT RELIEF

Farmers Plead for 22.6 Million Bushels Reported Molding in a Texas Warehouse

By WAYNE KING

Special to The New York Times

HOUSTON, Oct. 20 — Devastated by a drought, ranchers and poultrymen across the South and West are bringing increasing pressure on the Reagan Administration to release stored grains that they contend are needed to save livestock from starvation or early slaughter.

So far, the Government has refused, saying there is no way to provide surplus grain selectively to severely drought-plagued areas without providing the same aid to all ranchers.

Texas agriculture officials maintain that 22.6 million bushels of surplus corn, enough to feed starving Texas cattle for 300 days, lies molding in a Government warehouse at a cost to taxpayers of \$500,000 a month.

"That corn is going to hell when it ought to be going to West Texas," the state Agriculture Commissioner, Jim Hightower, said.

Although the sharpest criticism of the Government's refusal to release stored grain comes from Texas, other drought-ridden states have also lodged pleas for release of the grain.

States Pressing for Grain

Among them are Alabama, Arkansas, Georgia, North Carolina, Pennsylvania, South Carolina, Tennessee and Virginia. New Mexico has offered to join Texas in pressing for release of the grain.

In Washington, meanwhile, both the House Agriculture Committee and the full Senate have approved legislation that would force emergency feed measures.

By a vote of 28 to 9 on Wednesday, the House committee approved a measure that would require Secretary of Agriculture John R. Block to provide \$500 million in feed assistance. The assistance would come either in the form of sales of grain from Government granaries like that at Plainview, Tex., where the 22.6 million bushels are stored, or in direct assistance to ranch-



Ed Hughs surveying drought-damaged land on ranch near McCamey, Tex. Despite recent rain, he does not expect to have enough grass to feed his cattle.

ers and poultrymen to maintain their herds and flocks.

The action followed a similar emergency feed provision approved earlier by the Senate. That measure, an amendment to dairy and tobacco legislation offered by Senator Lloyd Bentsen of Texas, would compel the sale of 80 million bushels of poorer grade corn, not used for human consumption, at reduced prices to ranchers and poultry raisers in drought disaster areas.

Fear Voiced on Problem

Despite some sincere efforts, said Representative Ed Jones, Democrat of Tennessee who is chairman of the subcommittee that first considered the House feed bill, "not nearly enough has been done or is going to be done."

The Administration has also been prodded by the Southern Governors Conference, which met last month in

Austin and adopted a resolution calling for release of the feed grain and greatly expanded Federal aid.

However, the sharpest assault on the Government's refusal to release disaster relief feed corn came in the form of the assertion by Texas agriculture officials that it had misrepresented the quality of corn stored at Plainview.

Texas officials said they had been told that the stored corn at Plainview was of good quality and therefore too valuable to release as livestock food.

However, both Commissioner Hightower and Gov. Mark White maintained that corn growers themselves had said the corn was poor quality and should be released.

According to its own analysis of 86 samples drawn from the storage bins, performed by an outside laboratory, Mr. Hightower reported that "the corn

not only is of low quality, but actually is in much worse shape that we had suspected."

Analysis of Corn Cited

He said the laboratory analysis had shown that, of the 22,680,215 bushels stored in one large warehouse, 77 percent had "seriously deteriorated" and that 53 percent was now below the quality deemed adequate for human consumption.

"A lot of it is much worse off than that," Mr. Hightower said in a statement. "It's moldy, its musty, it's weevilly. A great deal of it is no longer even fit to feed to sheep or goats — the only thing it can still be used for is cattle feed, and some of it won't be fit to use as anything but filler by the time the winter's over."

In a telephone interview from Washington, Richard Goldberg, the the

Deputy Under Secretary of Agriculture responsible for the commodity program, said that the results of the sampling conflicted with a similar one conducted by the storage warehouse operator, who stores the grain under Government contract. That sampling also based on 86 batches, showed stored corn to be of good quality, said.

"But as far as we are concerned," said, "neither inspection was official. He said the Agriculture Department's own records indicated that the stored corn had not deteriorated.

Mr. Goldberg also noted that when the corn was first stored in January 1981, as excess commodity, 732,000 bushels were shown as "satisfactory grade," the lowest quality grade, broken kernels, dust and foreign materials.

The New York Times / Elgy Kahn



Congressional Research Service
The Library of Congress

Washington, D.C. 20540

November 29, 1983

TO : Honorable Benjamin A. Gilman
Attention: Anita Fay

FROM : Mark A. McMinimy
Analyst
Environment and Natural Resources Policy Division

SUBJECT : Quality of Stored Corn

This memo and the enclosed materials are sent in response to your request for information concerning the quality of stored corn. Enclosed are summaries of quality checks conducted on farm-stored corn and sorghum in the farmer-owned reserve program. The most recent survey of this type was conducted in 1982 by the U.S. Department of Agriculture, (USDA). This survey was not conducted in either 1983, (because of the PIK program) or in 1981 because of the relatively small quantities of corn in the reserve that year. Therefore, I have included the results of the 1980 survey for comparison purposes.

Recently, the USDA tested the quality of corn owned by the Commodity Credit Corporation (CCC), in Plainview, Texas in response to charges that the corn was deteriorating. You will find several newspaper articles which outline the issue, and a USDA news release summarizing the results of the testing there.

It is worth noting that CCC-owned grain is stored in commercial facilities which are bound by contract to deliver to CCC a specific quantity and quality

SUMMARY OF THE 1982 FARM-STORED RESERVE QUALITY CHECK
FOR CORN AND SORGHUM

This survey was conducted for the purpose of determining the quality of farm-stored corn and sorghum under loan in the farmer-owned reserve. The following quality estimates were developed using a valid random sample selection process provided by SRS. The estimates are based on the results of officially graded samples, drawn in August and September from selected farm-stored loan collateral.

Corn and sorghum from the 1980 and 1981 crop years were included in the loan selections. A total of 997 corn and 687 sorghum loans were sampled. The majority of the loans selected had grain stored in two or more bins. Separate samples were drawn for each bin.

In addition to official grade and factor data, entries made by county offices for the factors of heating and weevily were used in summarizing inspection results and determining storability. For the purposes of this survey, non-storable has been defined as any grain with the factors of heating, sour, musty, or weevily.

The results of this survey indicate that 80.7% of the corn and 57.0% of the sorghum is in storable condition. The low percentage of storable sorghum can be attributed to a high percentage of insect infestation (38.2%). This condition can be controlled and in most cases eliminated completely. Appropriate followup measures will be required.

PART I Summary of Grade and Factor Data

Corn

Total in farm-stored reserve (1000 bushels)	958,009 <u>1/</u>
Total loans sampled	997

<u>Grade Data</u>	<u>1000 Bushels</u>	<u>Percent</u>
Grades 1, 2, or 3	718,216	75.0
Grades 4 or 5	112,435	11.7
Sample grade	127,357	13.3

<u>Factor Data</u>	<u>1000 Bushels</u>	<u>Percent</u>
Heating	37,809	3.9
Sour	5,206	0.5
Musty	71,781	7.5
Weevily	113,370	11.8

Sorghum

Total in farm-stored reserve (1000 cwt)	26,701 <u>1/</u>
Total loans sampled	687

<u>Grade Data</u>	<u>1000 cwt</u>	<u>Percent</u>
Grades 1, 2, or 3	21,684	81.2
Grade 4	1,240	4.6
Sample Grade	3,777	14.2

<u>Factor Data</u>		
Heating	1,349	5.1
Sour	454	1.7
Musty	2,671	10.0
Weevily	10,201	38.2

1/ Reflects total at the time of random loan selections (July 1982).

PART II
SUMMARY OF STORABILITY
Corn and Sorghum

Commodity	Total In Farm-Stored Reserve	STORABLE		NON-STORABLE									
		Amount	%	Heating	%	Sour	%	Musty	%	Weevily	%	Amount ^{1/}	%
CORN (1000 Bu.)	958,009	772,966	80.7	37,809	3.9	5,206	0.5	71,781	7.5	113,370	11.8	185,043	19.3
SORGHUM (1000 cwt.)	26,701	15,222	57.0	1,349	5.1	454	1.7	26,711	10.0	10,201	38.2	11,479	43.0

^{1/} Not necessarily the total of all non-storable factors. In some instances, the same grain was affected by 2 or more factors of a non-storable nature.

Commodity	STORABLE						NON-STORABLE						ROTATED	
	Grades 1, 2, or 3		Grades 4 or 5*		Sample Grade		Grades 1, 2, or 3		Grades 4 or 5*		Sample Grade		Amount	%
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
CORN (1000 Bu.)	647,365	67.6	93,217	9.7	32,383	3.4	70,851	7.4	19,218	2.0	94,975	9.9	106,277	11.1
SORG (1000 cwt.)	14,019	52.5	805	3.0	399	1.5	7,666	28.7	434	1.6	3,378	12.7	1,083	4.1

*GRADE 5 APPLIES ONLY TO CORN.

Administrator

THROUGH: Deputy Administrator, State and County
Operations

Director, Price Support and Loan Division

Corn Farm-Stored Reserve Quality Check

Enclosed are tables that reflect the initial findings of the quality and storability of reserve corn stored on the farm. The sample was drawn for this survey in September 1939.

The results of this survey imply that of the total bushels in the reserve stored on farms; 72 percent graded No. 3 or better; 5 percent graded No. 4, 5, or sample, but was in storable condition; and 23 percent for all grades was in nonstorable condition.

The survey further implies that of the total bushels of reserve corn stored on the farm; 73 percent was storable with no insects or weevils; and 27 percent involved both storable and nonstorable grain with insects or weevils.

It should be noted that all reserve corn has been called and these loans will be settled. Therefore, a follow-up survey to determine action taken in cases where storability problems exist is considered unnecessary.

QUALITY ANALYSIS OF 1976, 1977, 1978 AND 1979 GRAIN RESERVE PROGRAM COMMODITIES STORED ON FARMS 1/

Commodity	Storable			Nonstorable Grain by Quality Factor					
	Totals 2/	Grade 1 thru 3	Grade 4, 5, Sample	All Grades	Heat Damage	Distinct Low Quality	Moisture Tough	Sour	Musty
76 Corn (bu.)	6,741	4,314	283	2,144	1,166	34	---	142	802
77 Corn (bu.)	295,470	206,829	7,387	81,254	48,457	---	---	5,318	27,479
78 Corn (bu.)	151,928	115,465	6,533	29,930	18,079	456	---	1,064	10,331
79 Corn (bu.)	246,170	179,704	17,970	48,496	28,802	---	---	739	18,955
PERCENT BY CATEGORY									
	% Storable			% Nonstorable					
76 Corn (bu.)	100.0	64.0	4.2	31.8	17.3	.5	---	2.1	11.9
77 Corn (bu.)	100.0	70.0	2.5	27.5	16.4	---	---	1.8	9.3
78 Corn (bu.)	100.0	76.0	4.3	19.7	11.9	.3	---	.7	6.8
79 Corn (bu.)	100.0	73.0	7.3	19.7	11.7	---	---	.3	7.7

1/ This data represents point estimates based on a statistically random sample projected to U.S. total in reserve as of August 29, 1980.

2/ Quantities in thousands.

TABLE 2

QUALITY ANALYSIS OF 1976, 1977, 1978, AND 1979 GRAIN RESERVE
PROGRAM COMMODITIES STORED ON FARMS 1/

Storable No Insects or Weevils			Nonstorable Plus Storable With Insects or Weevils		
Commodity	Percent	Bushels <u>2/</u>	Commodity	Percent	Bushels <u>2/</u>
76 Corn	62.0	4,179	76 Corn	37.9	2,555
77 Corn	69.1	204,170	77 Corn	30.7	90,709
78 Corn	76.8	116,681	78 Corn	23.2	35,247
79 Corn	75.0	184,627	79 Corn	24.1	59,327

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See CORN, A10, Col. 1

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The Washington Post

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C

25

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CORN, From A1

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United Press International

Resisting heavy lobbying by powerful dairy cooperatives, the House yesterday refused to bypass full debate of legislation that would pay dairy farmers to reduce milk surpluses.

Instead of bringing the bill before the House for extended debate and consideration of several amendments, House Agriculture Chairman E (Kika) de la Garza (D-Tex.) asked for permission to go straight to a House-Senate conference to work out final details of the bill.

His request was rejected 208 to 188, several hours after the House Agriculture Committee approved the same motion 28 to 11.

"Rube Goldberg wrote the bill," said Rep. Barney Frank (D-Mass). "Rube Goldberg wrote the proce-

cedure by which the House will not consider the bill."

One of several legislators who decried the power and financial contributions of the dairy cooperatives who back the bill, Rep. George E. Brown Jr. (D-Calif.), said:

"The House is being hassled on this bill like it has never been hassled before."

The legislation, already approved by the Agriculture Committee and the Senate, would provide government payments to encourage dairy farmers to reduce overproduction that cost taxpayers \$2.7 billion last fiscal year.

It also would reduce the milk price support level and assess dairy farmers 50 cents per 100 pounds of milk produced to pay part of the costs of the dairy program.

The less controversial tobacco portion of the measure would freeze price supports and gradually take tobacco-growing allotments out of the hands of absentee owners.

House Minority Leader Robert H. Michel (R-Ill.) called the payments to encourage dairy farmers to reduce milk output "loafing payments."

The bill was passed by the Senate on Oct. 7, and was attached to another House-passed bill, which set the stage for the attempted parliamentary maneuver in the House.

Rep. Edward R. Madigan (R-Ill.), ranking Republican on the committee, warned that the Democratic leadership of the committee would "pay a terrible price" for repeated recent attempts to circumvent normal House debate.

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U.S. CORN SOUGHT IN DROUGHT RELIEF

Farmers Plead for 22.6 Million Bushels Reported Molding in a Texas Warehouse

By WAYNE KING

Special to The New York Times

HOUSTON, Oct. 20 — Devastated by a drought, ranchers and poultrymen across the South and West are bringing increasing pressure on the Reagan Administration to release stored grains that they contend are needed to save livestock from starvation or early slaughter.

So far, the Government has refused, saying there is no way to provide surplus grain selectively to severely drought-plagued areas without providing the same aid to all ranchers.

Texas agriculture officials maintain that 22.6 million bushels of surplus corn, enough to feed starving Texas cattle for 300 days, lies molding in a Government warehouse at a cost to taxpayers of \$506,000 a month.

"That corn is going to hell when it ought to be going to West Texas," the state Agriculture Commissioner, Jim Hightower, said.

Although the sharpest criticism of the Government's refusal to release stored grain comes from Texas, other drought-ridden states have also lodged pleas for release of the grain.

States Pressing for Grain

Among them are Alabama, Arkansas, Georgia, North Carolina, Pennsylvania, South Carolina, Tennessee and Virginia. New Mexico has offered to join Texas in pressing for release of the grain.

In Washington, meanwhile, both the House Agriculture Committee and the full Senate have approved legislation that would force emergency feed measures.

By a vote of 28 to 9 on Wednesday, the House committee approved a measure that would require Secretary of Agriculture John R. Block to provide \$500 million in feed assistance. The assistance would come either in the form of sales of grain from Government granaries like that at Plainview, Tex., where the 22.6 million bushels are stored, or in direct assistance to ranch-

ers and poultrymen to maintain their herds and flocks.

The action followed a similar emergency feed provision approved earlier by the Senate. That measure, an amendment to dairy and tobacco legislation offered by Senator Lloyd Bentsen of Texas, would compel the sale of 80 million bushels of poorer grade corn, not used for human consumption, at reduced prices to ranchers and poultry raisers in drought disaster areas.

Fear Voiced on Problem

Despite some sincere efforts, said Representative Ed Jones, Democrat of Tennessee who is chairman of the subcommittee that first considered the House feed bill, "not nearly enough has been done or is going to be done."

The Administration has also been prodded by the Southern Governors Conference, which met last month in

Austin and adopted a resolution calling for release of the feed grain and greatly expanded Federal aid.

However, the sharpest assault on the Government's refusal to release disaster relief feed corn came in the form of the assertion by Texas agriculture officials that it had misrepresented the quality of corn stored at Plainview.

Texas officials said they had been told that the stored corn at Plainview was of good quality and therefore too valuable to release as livestock food.

However, both Commissioner Hightower and Gov. Mark White maintained that corn growers themselves had said the corn was poor quality and should be released.

According to its own analysis of 86 samples drawn from the storage bins, performed by an outside laboratory, Mr. Hightower reported that "the corn

not only is of low quality, but actually is in much worse shape than we had suspected."

Analysis of Corn Cited

He said the laboratory analysis had shown that, of the 22,660,215 bushels stored in one large warehouse, 77 percent had "seriously deteriorated" and that 53 percent was now below the quality deemed adequate for human consumption.

"A lot of it is much worse off than that," Mr. Hightower said in a statement. "It's moldy, it's musty, it's weevilly. A great deal of it is no longer even fit to feed to sheep or goats — the only thing it can still be used for is cattle feed, and some of it won't be fit to use as anything but filler by the time the winter's over."

In a telephone interview from Washington, Richard Goldberg, the the

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Information

CCC-OWNED GRAIN QUALITY IN TEXAS FOUND STABLE

WASHINGTON, Nov. 23--Deputy Secretary of Agriculture Richard E. Lyng today said the nearly 23 million bushels of Commodity Credit Corporation corn stored in Plainview, Texas has been found to be in stable condition after completion of extensive testing by the U.S. Department of Agriculture.

The "deep-probe" analysis, a highly accurate method for determining the quality of stored grain, was initiated in early November by Secretary of Agriculture John R. Block following earlier reports that the grain was deteriorating. "This Federal inspection refutes any charges to the contrary," Lyng said. "Those charges were based on the results of an unofficial, less sophisticated testing procedure."

"It is important to remember that this grain was never intended for human consumption," Lyng said. "It was livestock feed grain when it went into storage, and the results of our re-examination indicate it is holding its normal condition. This grain is not deteriorating."

Specific results of the testing show that 333,077 bushels have a U.S. Yellow Corn Grade 1 quality; 4,299,383, Grade 2; 7,962,991, Grade 3; 6,124,837, Grade 4; 1,969,302, Grade 5; and 2,107,978, Sample Grade. The lower grades (4, 5 and Sample) relate to broken kernels which do not affect the nutritional value for feeding purposes.

The inspection also determined that the grain is currently stored under acceptable conditions. The complete report will be provided to the Congress and made available to the public during the week of Nov. 28.

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U.S. Says Feed Corn in Texas Is Not Deteriorating in Silos

WASHINGTON, Nov. 24 (UPI) — The Agriculture Department said Wednesday that nearly 23 million bushels of Government-owned corn that Congress recently agreed to sell to drought-stricken farmers at reduced rates was not spoiling so badly as earlier tests indicated.

Richard E. Lyng, Deputy Secretary of Agriculture, said tests conducted this month on corn stored in a Plainview, Tex., grain elevator by the Commodity Credit Corporation showed the grain was in stable condition.

Earlier this fall, Jim Hightower, the Texas Agriculture Commissioner, sponsored tests he said revealed 53 percent of the corn was of the poorest grade for animal feed and 47 percent was of grade 4, grade 5 and sample grade. The lower grades of 4, 5 and sample relate to broken kernels that do not affect nutritional value for feeding purposes.

Grain Legislation Approved

Based on the results of Mr. Hightower's tests, the House and Senate last week approved legislation requiring Agriculture Secretary John R. Block to sell the damaged grain to drought-stricken farmers at reduced rates. Mr. Hightower and Senator Lloyd Bentsen, Democrat of Texas, who proposed the legislation, had criticized the Reagan Administration for not making the stored corn available to West Texas farmers hit hard by last summer's drought. President Reagan has not indicated if he will sign the bill.

"This Federal inspection refutes any charges" that the Administration was allowing the grain to deteriorate in storage instead of selling it to farmers struggling to feed their livestock, Mr. Lyng said, adding, "Those charges were based on the results of an unoffi-

cial, less-sophisticated testing procedure."

"It is important to remember that this grain was never intended for human consumption," Mr. Lyng said. "It was livestock feed grain when it went into storage, and the results of our re-examination indicate it is holding its normal condition. This grain is not deteriorating."

George Strake, the Texas Republican Party chairman, accused Mr. Hightower Wednesday of conducting a "shoddy" inspection of the grain.

Doug Zabel, a spokesman for Mr. Hightower, said both inspections found more than 10 million bushels in poor grades. "Those are the grades that would be released to the ranchers," he said.

Government's Corn Stores Said in Fair Shape

United Press International

Nearly 23 million bushels of government-owned corn that Congress recently agreed to sell to drought-stricken farmers at reduced rates is not deteriorating as badly as earlier tests indicated, the Agriculture Department says.

Deputy Secretary of Agriculture Richard E. Lyng reported Wednesday that tests conducted by the department on corn stored in a Plainview, Tex., grain elevator by the Commodity Credit Corp. showed that the grain was in stable condition.

Lyng said the Agriculture Department began testing the 23 million bushels of corn earlier this month, following reports that the grain was spoiling.

Texas Agriculture Commissioner Jim Hightower had sponsored tests earlier this fall that he said revealed 53 percent of the corn was of

Congress Would Sell Grain To Farmers Hit by Drought

the poorest grade and 47 percent was of grades 4, 5, and sample. The last three categories relate to broken kernels that do not affect the corn's nutritional value.

Hightower and Sen. Lloyd M. Bensten (D-Tex.) had criticized the administration for not making the stored corn available to West Texas farmers hit hard by last summer's drought.

Based on Hightower's information, the House and Senate approved legislation last week requiring the secretary of agriculture to sell the damaged grain to farmers at reduced rates. President Reagan has not indicated whether he will sign the bill.

The Agriculture Department survey found that 333,077 bushels are of U.S. yellow corn grade 1 quality; 4,229,383 are in grade 2; 7,962,991 are in grade 3; 6,124,837 are in grade 4; 1,969,302 are in grade 5, and 2,107,978 are of sample grade.

"This federal inspection refutes any charges to the contrary," Lyng said. "Those charges were based on the results of an unofficial, less sophisticated testing procedure."

Texas Republican Party chairman George Strake accused Hightower of conducting a "shoddy" inspection and "deceiving the public and the farm communities."

A spokesman for Hightower said that both inspections found more than 10 million bushels in poor grades and added: "Those are the grades that would be released to the ranchers . . . That's what we're interested in, so we were satisfied with their inspection."