

# Here's Summary of Farm Bill; How Does It Affect You?

THE AGRICULTURAL ACT OF 1949 makes price supports mandatory for the "basic" commodities—wheat, corn, cotton, rice, tobacco and peanuts—and for certain designated nonbasic commodities—wool, mohair, tung nuts, honey, Irish potatoes, milk, butterfat and the products of milk and butterfat.

Price support is permissive for other nonbasic commodities at the discretion of the secretary of agriculture.

## Dual Parity System

A major feature of the agricultural act of 1949 is the application

	Parity Prices Compared Old and New Formulas	
	Old	New
Beef Cattle (Cwt.)	\$13	\$17
Wheat	2.12	1.87
Milk (Cwt.)	3.84	4.38
Butterfat (lb.)	.631	.698
Wool (lb.)	.439	.498
Potatoes (Bu.)	1.75	1.60
Hogs (Cwt.)	17.40	18.80
Eggs	.516	.455
Turkeys (lb.)	.346	.362
Barley	1.49	1.21

of a dual parity system.

The act sets up a new parity formula using the 10-year moving average parity formula (average of the last 10 crop years) provided in the agricultural act of 1948 amended to INCLUDE WAGES paid hired help and to include wartime subsidies paid to producers under OPA.

BUT until 1954 the old parity formula (1909-1914 average, no allowance for wages) MAY STILL APPLY to all basic commodities. Until 1954 parity prices of the basic commodities are to be parity under either the new or the old formulas, WHICHEVER IS THE HIGHER.

**Basic Crop Supports.** (wheat, corn, cotton, rice, tobacco, peanuts)

In 1950 supports will be 90 percent of parity to co-operators (growers who do not knowingly exceed their allotments) if marketing quotas have not been disapproved and if either allotments or quotas are in effect. (Parity will be figured on either the old or new formula, whichever is the higher. Present estimates for wheat are that the old will be higher than the new—\$2.14 a bushel as compared to \$1.88.)

Supports at 50 percent of parity will be available to growers who comply with acreage allotments if producers disapprove marketing quotas.

In 1951 supports will be at 80 to 90 percent of parity (actual percent to be determined by the secretary of agriculture) if marketing quotas have not been disapproved and either allotments or quotas are in effect. Support will be 50 percent of parity to co-operators if quotas are disapproved.

In 1952 and after, supports will be 75 to 90 percent of parity (new formula only after 1953). Corn, wheat, rice supports will be 90 percent of parity as long as supplies do not exceed 102 percent of normal. As supplies increase above 102 percent they are to be reduced at the rate of 1 percent of parity level for each 2 percent increase of excess

supply until they are 75 percent of parity for supplies more than 130 percent of normal.

BUT support levels provided by the flexible schedules are minimums. The secretary of agriculture MAY SET SUPPORT PRICES ABOVE these minimum levels up to a maximum of 90 percent of parity if he desires.

**Wool (including mohair)** — Price support for wool (including mohair) is to be established at such level between 60 and 90 percent of parity (calculated by the "new" formula) as the secretary of agriculture determines is necessary to encourage an annual production of approximately 360,000,000 pounds of shorn wool.

**Tung nuts, honey, and Irish potatoes**—The support level is between 60 and 90 percent of parity (as calculated by the "new" formula.)

**Whole milk, butterfat, and the products of such commodities** — Prices are to be supported at such levels between 75 and 90 percent of parity (as calculated by the "new" formula) as will assure an adequate supply. Such price support is to be provided through loans on, or purchases of, the products of milk and butterfat.

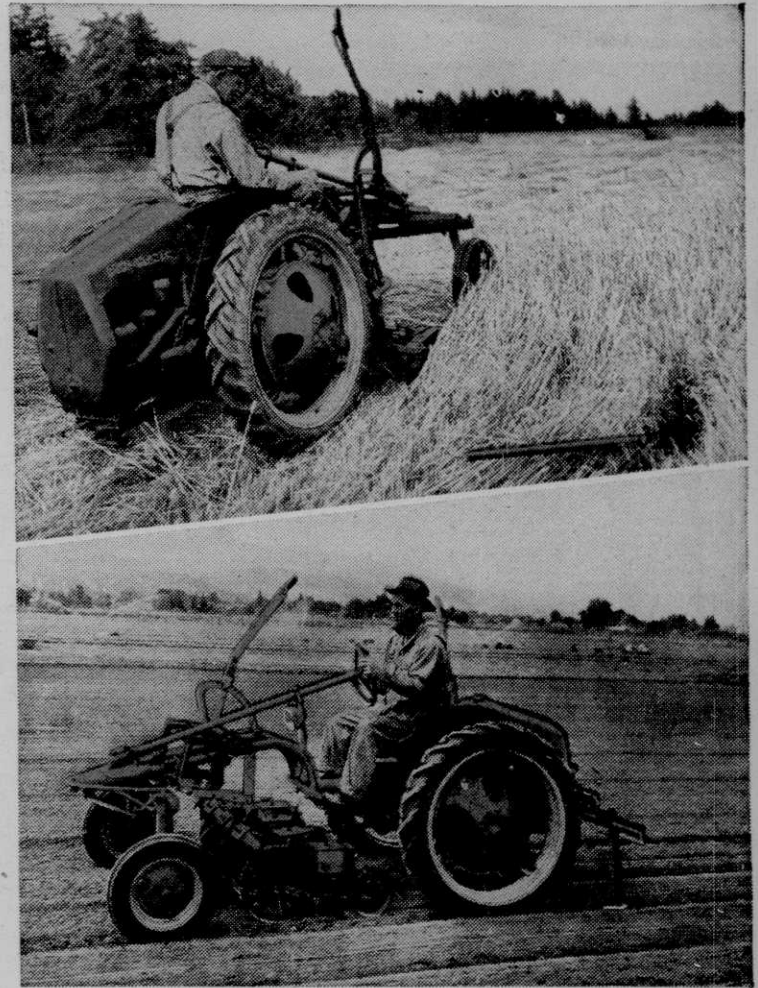
## Other Nonbasic Commodities

Price support for nonbasic agricultural commodities, other than the designated commodities, is permissive at any level not in excess of 90 percent of parity. In determining whether support will be provided for any nonbasic commodity, and in fixing the level of such support, the following factors are to be considered: (1) the supply of the commodity in relation to the demand therefor; (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn; (3) the availability of funds; (4) the perishability of the commodity; (5) the importance of the commodity to agriculture and the national economy; (6) the ability to dispose of stocks acquired through a price-support operation; (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand. In determining the level of support for undesignated nonbasic commodities, particular consideration must be given to the level of support for competing commodities.

So far as feasible, price support is to be made available to co-operators on any storable nonbasic agricultural commodity for which a marketing quota or marketing agreement or order program is in effect at levels not in excess of 90 percent of parity and not less than the level between 75 and 90 percent of parity called for by a sliding scale set forth in the act.

But the secretary of agriculture may provide for support at a lower level than that called for by the sliding scale if, after consideration of the eight factors listed above, he determines it to be desirable and proper.

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