



- *Legislation Affecting the*
- *Rice Industry, 1933-56*

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SUMMARY

The motive of government legislation in agriculture was to establish and maintain agriculture on a par with other segments of the economy. The base period (1910-14) for the parity concept was chosen because it was the most favorable period for which data were available, with the exception of 1917. However, price policies designed to establish parity levels for agriculture without adjusting simultaneously for differences in the dynamic growth and changes in other segments of the economy will encounter considerable difficulty in maintaining an equitable return for agriculture in its investment in the national economy.

This publication reviews major legislation pertaining to rice since the 1933 Agriculture Adjustment Act. It cites the major legislative actions taken by the government toward establishing a level of income to rice producers commensurate with other commodities produced within the agricultural industry.

Since rice was a relatively profitable crop during the period covered by major government legislation, there was no serious need for drastic government concern until after 1953.

During and immediately after World War II, rice export markets were absorbing all excess rice stocks above the United States domestic requirement, and rice prices were at levels which encouraged expansion in acreage and yields. This favorable situation for United States rice farmers ended with the 1953 rice crop. The recovery of rice production on an ever larger scale in foreign countries, particularly since 1951, has reduced the flow of United States exports into foreign markets, resulting in a large carryover of rice stocks and depressing domestic prices.

Despite government legislation and efforts toward stabilizing rice supplies and distribution, through acreage allotments, marketing quotas, loans and purchase agreements, surplus supplies totaled slightly over 7 billion pounds from August 1, 1953 to August 1, 1955. The carryover on August 1, 1955 was 22 times greater than the carryover of 150 million pounds on August 1, 1952.

The 1956 Agriculture Act represents another new effort toward alleviating the burden of surpluses and maladjustments in agriculture.

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Legislation Affecting the Rice Industry, 1933-56

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INTRODUCTION

Rice is one of civilization's oldest cultivated crops and constitutes the basic diet of more people than any other food. The cultivation of rice has been traced back to 3,000 years before the Christian era. Rice became a world-wide food at the turn of the seventeenth century, but did not become of commercial importance until the middle of the nineteenth century, when trade was developed with India.

Rice became a major crop in the Western Hemisphere between 1885 and 1900, particularly in Southwest Louisiana and Southeast Texas, shortly after the introduction of the wheat binder.

This publication reports the first of three studies to evaluate the rice price support program. Other reports will include an economic appraisal of the rice industry and government rice programs, and an economic model to determine the demand and price structure of the rice economy, including possible effects of governmental action.

Before and during World War I

The area planted in rice ranged from slightly over one-half million acres at the beginning of the twentieth century to slightly over one million acres at the end of World War I. Rice yields averaged approximately 1,500 pounds per acre during this period. Farm prices per hundred pounds varied from \$1.77 in 1909 to \$4.27 in 1918. The yearly average production in the United States immediately preceding World War I was about 1.3 billion pounds.

Between World Wars I and II

The acreage and yield of rice did not change appreciably between the two World Wars.

In the last decade prior to World War II, domestic and territorial disappearance absorbed most of the total production of rice flowing through various domestic market channels. Although domestic consumption increased 60 percent from 1935 to 1955, this was a result of increases in population rather than an increase in per capita consumption.

Cuba was taking over two-thirds of the exports from this country prior to World War II. Domestic consumption and territorial shipments accounted for 86 percent of the total disappearance, with exports to Cuba accounting for an additional 10 percent.

During and after World War II

Rice prices increased 221 percent from 1940 to 1947 while production increased about 65 percent, Table I. With increased demand and shortages in major producing areas caused by the war, followed by high world prices, total world production has increased rapidly since World War II. The scarcity of rice relative to market demand has reduced world trade in rice from approximately 90 percent of the total cereal trade to approximately 30 percent. This has complicated the disposal of United States rice stocks, since domestic per capita consumption always has been between 5 and 6 pounds. The United States depends on foreign outlets for approximately 50 percent of its total rice production which further complicates the disposition of the excess rice supplies. Most of the shift in the consumption of rice as compared with other cereals reflects an unstable condition of supply and relative prices rather than any material changes in diet preferences.

About 35 percent of United States rice exports have gone to Asia since 1951. Japan is taking most of these exports and apparently offers the best prospect of a continuing volume market.

The volume of rice exports from the United States is considered too small to influence world rice prices and trade materially. The long trend in United States rice prices, therefore, depends on the domestic and world price relationships relative to market demand.

Since effective market demand following World War II exceeded available rice supplies, the average seasonal price for rice in the United States has equaled or exceeded support prices in every year since the price support programs for rice were started in 1941 (the year rice was added to the list of basic commodities) except in 1951, 1952, 1954 and 1955. For the past two seasons, rice prices have been lower than the levels of price support. This resulted in slightly more than 1.9 billion pounds being placed under loans and purchase agreements.

Further acreage reductions seem necessary because of increasing foreign production, increased consumption of substitute cereals, relatively high support levels for rice and the possibility of declining world prices. This unfavorable situation for rice is likely to continue unless some program is devised whereby large quantities (roughly 50 percent of United States production) can be moved through export channels at prices below the support levels. More

United States rice may be moved into world markets provided it can compete on a price basis with other rice-producing countries.

GOVERNMENT ACTION SINCE WORLD WAR I

Shortly after World War I there was a growing concern over the spread between the prices farmers paid and the prices they were receiving for farm commodities. Rice prices, for example, dropped 60 percent from 1919 to 1922.

The growing disparity between farm and non-farm commodity prices accompanied by falling farm incomes, engendered pressure from farm groups for relief legislation and led to the formation of the "Farm Bloc" in Congress.

President Harding called a National Agriculture Conference in 1922 to emphasize a "fair exchange value" for all farm products with that of nonfarm commodities. No action was taken on the conference recommendations.

Despite continued efforts by the Farm Bloc to establish some type of price legislation, it was not until 1929 that a bill aimed specifically at supporting farm prices became a law. The primary objective of the Agricultural Act, passed by Congress in June 1929, was to promote an "orderly" marketing of farm products.

The average level of farm prices fell 64 percent from August 1929 to February 1933; rice prices fell 58 percent.

The contention that the only feasible way to raise farm prices was to cut production led to legislation being presented to Congress in March 1933; in May of that year the Agricultural Adjustment Act was passed. This Act endeavored to raise the purchasing power of farmers to parity level.

The Agricultural Adjustment Act was declared unconstitutional by the Supreme Court in January 1936, and shortly thereafter Congress passed the Soil Conservation and Domestic Allotment Act. This Act aimed at diverting acreage out of surplus crops.

Most of the principal provisions of the 1936 Act were rewritten into the basic Agricultural Adjustment Act of 1938. The Agricultural Adjustment Act of 1938 was the first Act that primarily affected rice, and only then to the extent of the conservation payment features. It established the provisions and framework for acreage allotments and marketing quotas.

The principal provisions of the 1938 Act remained in effect until December 31, 1948. The Act of 1948 extended the level of supports for 1949; that is, the level of supports could be adjusted downward in 1950, whenever normal supplies were in excess of total supplies. There prevailed some dissatisfaction with the Agricultural Adjustment Act of 1948, for fear that farm income might fall. The 1949 Agricultural Adjustment Act again extended the date when flexible supports would go into effect.

TABLE 1. RICE, ROUGH: PRODUCTION, DOMESTIC UTILIZATION, EXPORTS AND CARRYOVER, 1930-55¹

Year	Production	Domestic utilization	Exports	Carryover	Season average price per hundred pounds
Million pounds					Dollars
1930	20,218	16,759	4,552	1,386	1.74
1931	21,076	15,923	4,437	3,078	1.08
1932	18,729	17,846	2,879	1,982	.93
1933	16,943	15,505	1,633	2,595	1.73
1934	17,571	18,953	1,988	785	1.76
1935	17,753	17,965	1,369	1,296	1.60
1936	22,419	21,874	840	3,712	1.85
1937	24,040	21,346	4,764	3,147	1.46
1938	23,628	19,207	4,767	4,247	1.42
1939	24,328	20,046	4,484	5,235	1.62
1940	24,495	21,138	5,651	2,956	1.80
1941	23,095	19,571	6,552	567	3.01
1942	29,082	20,266	6,961	2,325	3.61
1943	29,264	21,316	7,069	1,828	3.96
1944	30,974	20,001	10,201	1,558	3.93
1945	30,668	19,613	11,469	1,225	3.98
1946	32,497	20,162	12,291	596	5.00
1947	35,217	22,037	13,055	748	5.97
1948	38,275	22,092	14,378	2,505	4.88
1949	40,784	23,423	16,224	3,469	4.10
1950	38,757	25,693	13,167	4,519	5.09
1951	45,853	24,121	23,058	2,040	4.82
1952	48,260	25,121	25,122	1,515	5.87
1953	52,761	25,752	22,708	7,557	5.19
1954	64,514	27,839	14,385	29,900	4.56
1955	53,647	27,947	23,000	32,700	4.53

¹1930-53 data from Rice, rough: U. S. supply and disposition, annually, 1909-54. Grain Division, Commodity Stabilization Service, U. S. Department of Agriculture, Washington, June 1955. 1954 data from the Wheat Situation, WS-147, page 33, U. S. Department of Agriculture, Agricultural Marketing Service, Washington, February 28, 1956.

In establishing the Act of 1949, it was decided that relatively high level supports were to remain in effect in 1950. However, beginning in 1951, the flexible support provisions of the 1949 Act were scheduled to go into effect, but actually the level of support remained at 90 percent of parity through the 1954 rice crop. The 1949 Act set the support levels between 75 and 90 percent of parity, and also provided that marketing quotas be announced prior to January 1 for the ensuing crop year.

The Act of 1954 provided that the level of supports be between 82½ and 90 percent of parity for the 1955 rice crop, and beginning with the 1956 rice crop, the level of support was to be between 75 and 90 percent of parity, depending on how much normal supply exceeds total supply.

The Agricultural Act of 1956 was to formulate and execute a soil bank program in two parts: the *acreage reserve* and the *conservation reserve*. The acreage reserve provided for payments for voluntary reduction of rice acreages below acreage allotments. The conservation reserve provided for removing rice cropland from cultivation and devoting it exclusively to forage, trees, water storage or wild life. Compensation for acreage placed in the conservation reserve was to be in the form of annual payments equivalent to a reasonable return on the diverted land.

CHRONOLOGY OF LEGISLATION, 1933-56

Congress passed a series of acts between 1933 and 1956 pertaining to agriculture. An index of the chronology is on page 15. This legislation applied to rice in varying degrees depending on particular needs of this commodity. The following chronology summarizes provisions of individual acts that apply to rice and also provides specific policies and operations that were carried out as a result of the legislation.

LEGISLATION—1933

Public Law 10-73rd Congress—The original Agricultural Adjustmet Act (of 1933) provided for adjustment programs, financed by processing taxes and for disbursement of rental and benefit payments. These payements applied to rice only to the extent of marketing agreements and licenses.

POLICIES AND OPERATIONS—1933

By the time the Agricultural Adjustment Act was approved and a rice program launched in 1933, the planting season for that year had passed and a short crop already was in prospect. These conditions made it impracticable at that time to initiate a crop production adjustment program as authorized by the Agricultural Adjustment Act.

No rental or benefit payments were provided for the 1933 crop. The marketing agreements

that were entered into included provisions permitting producers to control the acreage planted to rice.

LEGISLATION—1934

None

POLICIES AND OPERATIONS—1934

Since the delays and changes in the agreement made it impossible for growers in the Southern States to sign contracts before the 1934 rice crop was planted, no production adjustment program was undertaken that year. Nevertheless, anticipating the control program, most of the growers actually planted according to their allotments. In response to the possibility of higher rice prices, growers probably would have expanded their plantings considerably if not prevented from doing so by acreage restrictions.

LEGISLATION—1935

Public Law 20-74th Congress—This law was an amendment to the rice section of the Agricultural Adjustment Act and set August 1-July 31 as the marketing year. Another amendment specified that the weight to which the tax rate applied was to be the weight of rough rice when delivered to the processor. An exception to the Act was made where the producers processed their own rice. Under this condition, the weight to which the tax rate applied was the weight of rough rice when delivered to the mill.

Public Law 320-74th Congress—This was an amendment to the 1933 Agricultural Adjustment Act and pertained to the market agreements which were inaugurated for rice in 1933. It included crop-control provisions for the 1934-35 crop of California rice producers. The 1934 agreement that covered rice produced in Arkansas, Louisiana and Texas also was revised.

The De Rouen Rice Act was approved in March 1935 as an amendment to the 1933 Agricultural Adjustment Act. It provided for the elimination of the floor-stocks tax on clean rice. It included the issuance of tax payment warrants to pay a rough rice tax on rice for the 1933 and 1934 crops. These were warrants that had been purchased in compliance with provisions of the rice-marketing agreements and licenses, or which remained in the hands of growers. This Act was passed as a result of requests from growers for a rice program based on a processing tax and the benefit payment provisions of the 1933 Agricultural Adjustment Act.

POLICIES AND OPERATIONS—1935

Approximately 190 million pounds of excess rice resulted from the 1934 crop. Domestic and territorial markets absorb about the same amount of rice each year, regardless of price. A possible solution to the rice disposal problem is government purchases for domestic and foreign distribution through relief agencies. Reduction in ex-

ports resulted in further government action. A new program was initiated in April 1935 to provide a tax refund on exported rice. This made it possible for the United States again to export sufficient quantities of rice to eliminate surpluses and to maintain domestic prices above world price levels. Exports amounted to 76 million pounds in April, May and June, compared with 18 million pounds during the same months in 1934. United States rice stocks were reduced from the all-time high of 220 million pounds in August 1932 to about 77 million pounds by August 1935.

In the fall of 1935 a rice program was developed for 1936-39. This program included rice growers in Hawaii for the first time.

LEGISLATION—1936

During January 1936, the Supreme Court, through the Hoosac Mills decision, declared the production control features of the Agricultural Adjustment Act of 1933 unconstitutional.

Public Law 461-74th Congress—The Soil Conservation and Domestic Allotment Act was enacted in February to supplement the 1933 Agricultural Adjustment Act. The Act authorized payments to farmers for soil-conservation practices and adjustment of acreage of soil-depleting crops, including rice. This constituted the primary basis for rice programs relative to acreage allotments.

POLICIES AND OPERATIONS—1936

United States rice shipments of milled rice in 1936 were 7.3 million pounds below 1935.

United States' rice exports of 80 million pounds in 1936 were considerably lower than any other year from 1933 to 1939. Average exports from 1936 to 1939 were 190 million pounds per year. However, exports from the United States in 1936 were only about one-fifth of those in 1937.

LEGISLATION—1937

Public Law 170-75th Congress—This Act authorized the Secretary of Agriculture to make conservation payments to rice producers.

POLICIES AND OPERATIONS—1937

The 1937 Conservation Program, announced in December 1936, authorized conservation payments to rice producers at the rate of 22 cents per 100 pounds of the domestic consumption quota, provided the acreage of soil-conserving crops on rice land equaled 25 percent of the base acreage.

LEGISLATION—1938

Public Law 430-75th Congress—This Agricultural Adjustment Act was designed to continue the Soil Conservation and Domestic Allotment Act, as amended, to conserve national resources, prevent the wasteful use of soil fertility and to preserve, maintain and rebuild the farm and

ranch land resources in the national public interest. It provided for an orderly and balanced flow of rice in interstate and foreign commerce through storage of reserve supplies on loan. It also assisted rice producers in obtaining parity prices for rice as well as income parity. Acreage allotment provisions of the Act made acceptance or rejection of the allotment, as a basis for production of rice, voluntary with the producer. Section 303 of the 1938 Act authorized the Secretary of Agriculture to make payments to rice producers. The purpose of this provision was to afford a return to the producer approximating the parity price for rice in accordance with available funds.

Public Resolution 122-75th Congress (Price Adjustment Act)—This Act was approved June 21, 1938, and funds were appropriated to make parity payments to rice producers who cooperated in the 1939 agricultural conservation program.

POLICIES AND OPERATIONS—1938

The Secretary of Agriculture was required to announce the national and state acreage allotments for rice for the following crop year. These allotments were apportioned to the rice-producing states on the basis of the rice acreage during the preceding 5 years.

The Agricultural Adjustment Act of 1938 prohibited the application of marketing quotas to rice in the marketing year beginning August 1, 1938. It provided that if in later years the total available supply (the preceding year's carryover, plus the current year's production, plus estimated imports in the current year) of rice exceeded normal supply (a normal year's domestic consumption in the preceding year, plus exports in the current year, plus 10 percent of consumption and exports) by more than 10 percent, marketing quotas would be announced not later than December 31 in the year preceding the crop year in which marketing quotas were to be operative. The marketing quotas, however, had to be approved by two-thirds of the growers voting in a referendum.

The Agricultural Adjustment Act of 1938 endeavored to stabilize the supply of rice. The stabilizing provisions of the Act included acreage adjustments, storage of surplus rice under loans and marketing quotas to regulate marketing when the supply was considered excessive.

LEGISLATION—1939

Public Law 159-76th Congress—This enabled the Secretary of Agriculture to make parity payments to producers of rice pursuant to the provisions of Section 303 of the Agricultural Adjustment Act of 1938. It provided, however, that in expending the appropriation, the rate of payment to rice growers could not exceed the amount by which the average farm price of rice was less than 75 percent of the parity price; that such payments were to be made to a farmer only in the

event that the acreage planted to rice for harvest on his land in 1940 was not in excess of the farm acreage allotment established for rice under the Agricultural Conservation Program of 1939.

POLICIES AND OPERATIONS—1939

The first year in which the rice program, under the Agricultural Adjustment Act of 1938, could be fully effective was 1939. The program afforded larger payments to rice producers than during the preceding year. Price-adjustment payments were made on the normal production of allotted acreage for rice at the rate of 12 cents per hundred pounds. Soil conservation program payments to rice producers were made at the rate of 9 cents per hundred pounds.

LEGISLATION—1940

Public Law 658-76th Congress—This Act enabled the Secretary of Agriculture to make parity payments to rice producers under the provisions of Section 303 of the Agricultural Adjustment Act of 1938. It provided that such payments be made to a farmer only if the acreage planted to rice for harvest on his land in 1941 was not in excess of the farm acreage allotment establishment under the Agricultural Conservation Program.

Public Law 716-76th Congress—This Act amended the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended, to define a market for rice as meaning to dispose of it in raw or processed form, by voluntary or involuntary sale, barter or exchange.

POLICIES AND OPERATIONS—1940

Some 892 thousand acres were affected under the 1940 Acreage Allotment Program.

LEGISLATION—1941

Public Law 144-77th Congress—This law was passed to enable the Secretary of Agriculture to make parity payments to rice producers under the provisions of Section 303 of the Agricultural Adjustment Act of 1938. The Act provided for payments for rice to a farmer in full amount only if the acreage planted in rice for harvest on his land in 1942 did not exceed the farm acreage allotment established for rice under the Agricultural Conservation Program. The Act provided that if such allotment was exceeded, the parity payment for rice would be reduced by not more than 10 percent for each 1 percent or fraction thereof by which the acreage planted to the commodity was in excess of such allotment.

In accordance with regulations for similar deductions for plantings in excess of the acreage allotment for the commodity on other farms, the Secretary of Agriculture also could provide for plantings in excess of acreage allotments, and to limit any other commodity for which allotments or

limits were established under the Agricultural Conservation Program on the same or any other farm. If the sum of the prevailing basic-loan rate (or the average farm price, whichever is higher) for the crop year 1941 (the loan rate being the applicable rate of the payments announced under the Soil Conservation and Domestic Allotment Act, for the purposes of the 1942 Agricultural Conservation Program and the parity payments that were appropriated) exceeded an amount sufficient to increase the farmers' returns to parity prices, then parity payments were to be adjusted to provide a return to producers equal to, but not greater than, parity price.

Public Law 374-77th Congress—This Act was an amendment to the Agricultural Adjustment Act of 1938, and extended the provisions for the 1941 rice crop through 1946.

POLICIES AND OPERATIONS—1941

Rice was added to the list of basic commodities in 1941. The first loan program for rice was offered to producers during the 1941 crop season, and loans have been available every succeeding year. Commodity Credit Corporation loan programs were operative each succeeding year except 1943, 1944 and 1946.

Some 896 thousand acres were under soil-depleting acreage allotments in 1941. The support level initiated in 1941 was supported at 85 percent of parity.

LEGISLATION—1942

Public Law 674-77th Congress—This Act enabled the Secretary of Agriculture to make parity payments to rice producers under the provisions of Section 303 of the 1938 Agricultural Adjustment Act. Funds were reappropriated out of the unobligated balance of the appropriations made under the Agricultural Appropriation Act for the fiscal year 1941 and 1942, and were to remain available until June 30, 1945. The Secretary was directed to make such additional commitments or incur such additional obligations as deemed necessary to provide full parity payments for rice in 1942. Section 8 (a) of the Stabilization Act of 1942 directed the Commodity Credit Corporation to make loans to cooperators at 90 percent of parity for rice harvested after December 1941, and before 2 years after the end of hostilities. This period was extended, however, to December 31, 1948. To permit prosecution of the war, Section 8 (c) of the Act authorized supports at not less than 90 percent of parity.

Public Law 421-77th Congress—This Act was aimed at furthering national defense and security by checking speculative and excessive price rises, price dislocations and inflationary tendencies. It provided that no maximum price be established or maintained for rice below the highest of any of the following prices as determined and published by the Secretary of Agriculture:

(1) 110 percent of the parity price of rice, adjusted by the Secretary of Agriculture for grade, location and rice under subsection (b), 110 percent seasonal differentials or, in case a comparable price has been determined for of such comparable price adjusted in the same manner, in lieu of 110 percent of the parity price so adjusted; (2) the market price prevailing for rice on October 1, 1941; (3) the market price prevailing for rice on December 15, 1941; or (4) the average price for rice from July 1, 1919 to June 30, 1929.

POLICIES AND OPERATIONS—1942

The level of price supports was maintained at 85 percent of parity for 1942. Loans also were made on the 1942 crop.

This was the first year a sizable acreage allotment increase was made; it amounted to 1.2 million acres. The government bought rice directly from the Commodity Credit Corporation for foreign relief for the first time in 1942.

LEGISLATION—1943

Public Law 129-78th Congress—This Act was passed to make appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes. It enabled the Secretary of Agriculture to make full parity payments for the 1942 rice crop under the Department of Agriculture Appropriations Act of 1943. The appropriation was to remain available until June 30, 1945. This appropriation was to be merged with the appropriation under the act of 1943 and the unobligated balance of the appropriation so merged, and was to remain available until June 30, 1946.

POLICIES AND OPERATIONS—1943

No rice loans, purchases or purchase agreements were made in 1943. The absence of such loan programs was a consequence of the seasonal average price being much higher than the average support level in 1943. There were 1.4 million acres under the conservation acreage allotment program. This was the last year that rice producers participated in acreage allotments under the conservation program.

LEGISLATION—1944

None

POLICIES AND OPERATIONS—1944

No rice price support program was in operation in 1944. Loan rates were not announced in 1944 because rice prices were above the support prices. Slightly more than 1.5 million acres were seeded to rice in 1944. Production that year reached a record of 3.1 billion pounds on 14 thousand fewer acres than were seeded the previous year.

LEGISLATION—1945

None

POLICIES AND OPERATIONS—1945

A loan program was announced for the 1945 rice crop. The acreage seeded to rice was 9 thousand acres over the previous year. With the exception of 1944 and 1950, rice acreage increased every year from 1939 through 1954.

LEGISLATION—1946

None

POLICIES AND OPERATIONS—1946

No new support program was enacted in 1946. The season average price increased to \$5 per hundred pounds in 1946. This was a 26 percent increase over the 1945 price. The level of support, however, was set at 90 percent of parity.

The 1946 acreage seeded to rice in the United States was 5 percent greater than the previous year.

LEGISLATION—1947

None

POLICIES AND OPERATIONS—1947

Loans were made available to rice producers in 1947, but again the season average price was \$2.21 higher than the support price of \$3.76. Rice acreage in the United States in 1947 was about 25 thousand more than the 1946 acreage. World exports in 1947 were about 8 percent more than in 1946. This small increase was perhaps attributable to military relief which was included in the world export figures that year for the first time. United States shipments increased 78 percent in 1947.

LEGISLATION—1948

Public Law 897-80th Congress—This Act authorized the Secretary of Agriculture to exercise means of stabilizing prices of agricultural commodities. The Secretary was directed to utilize any instrumentality or agency within or under the direction of the Department of Agriculture to stabilize rice prices through loans and purchases. The prices received by producers for rice marketed before June 30, 1950 were to be supported if the producers did not disapprove marketing quotas for rice for the marketing year beginning in the calendar year in which the crop was harvested.

POLICIES AND OPERATIONS—1948

Purchase agreements were available to rice producers for the first time in 1948. Approximately 153 thousand bags (100 pounds each) of the 1948 rough rice crop were placed under loans, and about 3.6 million bags were covered by purchase agreements. Slightly less than 9 percent of the total United States rice production was placed under price support in 1948.

The season average price received by rice farmers dropped from \$5.97 per hundred pounds in 1947 to \$4.88 in 1948. From 1941 through 1947, with only one exception, the season average price increased over the preceding year. The exception occurred in 1944 when the average was 3 cents per hundred pounds less than in 1943.

LEGISLATION—1949

Public Law 439-81st Congress—This Act endeavored to stabilize prices through loans, purchases and other rice operations. The 1949 Act was the basic authority for current price support programs. It became effective with the 1950 rice crop. The Act required the Secretary of Agriculture to support the price of rice at a specified percentage of parity. Marketing quotas were provided in the event total supply exceeded the normal supply by more than 10 percent.

Section 416 of the Agricultural Adjustment Act of 1949 permitted the Commodity Credit Corporation to donate rice stocks to specified group outlets. This action was deemed necessary to prevent the waste of rice stocks before they could be disposed of in normal domestic channels without impairing the price program. Under the Act, rice could be sold abroad at competitive world prices. The authorized outlets included state, federal and private agencies. The rice had to be utilized in the United States in nonprofit school-lunch programs, for the assistance of needy persons and in charitable institutions, including hospitals. Originally, Section 416 authorized donations at the point of storage and specified that the recipient pay transportation and other additional costs involved in moving the rice.

POLICIES AND OPERATIONS—1949

Loans were made in 1949 on 190 million pounds of rough rice and purchase agreements were made on 630 million pounds. About 20 percent of the total United States rice production was placed under price support in 1949.

The United States season average price fell to \$4.10 in 1949. This was 78 cents below the 1948 price of \$4.88, and \$1.87 below the 1947 price of \$5.97. Season average prices in 1947 were higher than during any previous year.

LEGISLATION—1950

Public Law 561-81st Congress—This Act amended the marketing quota provisions of the Agricultural Adjustment Act of 1938. Its provisions are explained in the summary of marketing quotas on page 11.

POLICIES AND OPERATIONS—1950

Loans on the 1950 rice crop covered about 220 million pounds and purchase agreements were made on 570 million pounds. Approximately 2 percent of the total United States rice production was placed under price support in 1950. This

was 18 percent less than the quantity under price support in 1949.

Acreage allotments under the Agricultural Adjustment Act of 1938 were proclaimed for the first time in 1950, and amounted to slightly less than 1.6 million acres.

The 1950 season average price of \$5.09 was 24 percent greater than in the previous year.

LEGISLATION—1951

None

POLICIES AND OPERATIONS—1951

About 400 million pounds of rice were under loans in 1951 and purchase agreements were made on 180 million pounds.

The quantity of rice placed under price support in 1951 dropped to 1 percent of the total United States production. The 1951 season average price of \$4.82 was below the support price for the first time since 1941.

Total United States rice production in 1951 was slightly over 700 million pounds greater than the production in 1950. This was the largest annual increase in rice production since the 1942 crop when 26 percent more rice was produced than in 1941.

Export shipments in 1951 fell 5 percent below the 1950 level, while world exports increased about 78 percent.

The second and last year in which there was an acreage allotment without a marketing quota proclaimed for rice under the Agricultural Adjustment Act of 1938 was 1951. Some 1.7 million acres were affected.

LEGISLATION—1952

Public Law 585-82nd Congress—This Act was intended to continue the existing method of computing parity prices for rice. It also provided that the level of support to cooperators would be 90 percent of the parity price for the 1953 and 1954 crops of rice if producers approved marketing quotas.

POLICIES AND OPERATIONS—1952

Loans on the 1952 rice crop totaled about 21 million pounds, but no purchase agreements were made that year. The support level and season average price, amounting to \$5.04 and \$4.87, respectively, were slightly higher than in the preceding year.

Only .4 of 1 percent of the total United States production of rice was placed under price support in 1952. There were no Commodity Credit Corporation inventory acquisitions through price support operations in 1952.

United States shipments in 1952 increased 36 million pounds over 1951. United States exports

reached an all-time high of slightly over 2.5 billion pounds in 1952. World exports of milled rice in 1952 increased 300 million pounds over 1951 exports.

In 1952 rice producers had their most favorable year relative to rice shipments and exports. The 1947 price of \$5.97 was 78 cents per hundred pounds higher than in 1952.

LEGISLATION—1953

Public Law 216-83rd Congress—This Act enabled the President to furnish emergency assistance to friendly foreign governments to meet famine or other urgent relief requirements until March 15, 1954. The President directed the Commodity Credit Corporation to make available quantities out of its stock of rice, f. o. b. vessels for transfer to the designated sources.

POLICIES AND OPERATIONS—1953

Because parity at the start of the marketing season was lower than at the time the support level was announced, rice was supported at 90 percent of parity in 1953.

The support price dropped 20 cents below the 1952 support price of \$5.04 per hundred pounds.

About 150 million pounds of rice had been placed under loan through January 15, 1954, and 19.6 million pounds were under purchase agreements in conjunction with the 1953 program.

World exports dropped to a low of 670 million pounds. This was 62 percent below the 1952 export figure. Shipments in 1953 were 13 percent below the 1952 shipments of 390 million pounds.

LEGISLATION—1954

The Agricultural Adjustment Act of 1954-83rd Congress—This Act allowed price supports for rice to remain at levels provided for in the Agricultural Act of 1949. These were to go into effect beginning with the 1955 crop, with the exception that for the 1955 rice crop the minimum level of price support would not be below 82.5 percent of parity.

Milled rice was available for donation to domestic nonprofit school-lunch programs and welfare use authorized under the provisions of Section 416 of the Agricultural Act of 1949, as amended by Section 302 of the Agricultural Trade and Development and Assistance Act of 1954. The cost of transportation to central points within the country was paid by the Commodity Credit Corporation.

POLICIES AND OPERATIONS—1954

The 1954 season average price of \$4.35 again was lower than the 1951-52 support prices of \$4.92. A large increase also occurred in the number of loans, purchase agreements and Commodity Credit Corporation inventory acquisitions

in 1954. This reflected diminishing export market outlets, lower domestic market prices and a record crop. Approximately half of the United States production of rice has been exported since 1951.

Because parity at the beginning of the marketing season was lower than at the time the support level was announced, the price support level was again 90 percent of parity.

Rice was seeded in 1954 on 2.5 million acres. The record production, yield and carryover of the 1954 rice crop necessitated imposing acreage allotments and marketing quotas. The Secretary of Agriculture proclaimed acreage allotments and marketing quotas on December 31, 1954. The rice acreage was reduced 24.7 percent for the 1955 crop. Rice producers held a referendum on February 28, 1955 to decide whether marketing quotas would be proclaimed on the 1955 rice acreage allotment. The referendum carried by the two-thirds majority necessary for approval. The voting by states was: Arkansas, 96.6 percent; Mississippi, 96.2 percent; Louisiana, 94.5 percent; Texas, 88.2 percent; Florida, 87.5 percent; Missouri, 86.2 percent; South Carolina, 81.8 percent; and California, 62.1 percent.

Expenses of the Federal Government for the rice programs amounted to 35.3 million dollars from 1932 through 1954. This was .4 of 1 percent of the total cost of government programs for all farm commodities in this period.

LEGISLATION—1955

Public Law 29-84th Congress—This Act increased the national rice acreage allotment by 69 thousand, making a total of 1.9 million acres allotted for the 1955 crop.

Public Law 288-84th Congress—This Act established the national rice acreage allotment for the 1956 rice crop. The acreage was to be not less than 85 percent of the final allotment of 1.9 million acres established for the 1955 crop.

POLICIES AND OPERATIONS—1955

Both acreage allotments and marketing quotas were in effect during 1955. Rough rice yield in 1955 was about 2,725 pounds per acre, or approximately 14 percent more than the 1954 yield of 2,389 pounds per acre.

Under the 1954 Agricultural Adjustment Act, the support level for the 1955 rice crop was set a lot less than 82.5 percent of parity. However, the actual support level was 85 percent of parity, while the support price was \$4.66 per hundred pounds.

The carryover on August 1, 1955 was about 2.7 billion pounds, compared with a carryover of 750 million pounds in 1954.

Approximately 1.5 billion pounds of the 1955 rice crop were placed under support as of January

1, 1956, compared with 1.92 billion pounds of the 1954 rice crop on January 1, 1955. Rice exports during 1955 increased appreciably over those of 1954.

Total rice supplies for the year beginning August 1 were estimated at 7.73 billion pounds.

LEGISLATION—1956

Agricultural Act of 1956-84th Congress—Under Title I of this law, the Secretary of Agriculture is directed to execute a Soil Bank program in two parts. The first part, the *acreage reserve* program, is applicable to growers of basic crops. Payments are to be made for voluntary reductions of acreage below acreage allotments. The program is to be effective with the 1956 rice crop and is to terminate after the 1959 rice crop. The farmer may enter into a contract with the Secretary of Agriculture to set aside a designated part of his allotted acreage into a reserve acreage from which no crop will be harvested, and on which no livestock are to be grazed. The Secretary is directed to establish a national acreage reserve goal each year for rice and to determine, through the county Agricultural Stabilization Committee, the limit of participation of each farm in a manner calculated to achieve the national goal. The total amount of compensation in any year is limited to 750 million dollars. A rice farmer is eligible for acreage reserve payments if: (1) he underplants his rice acreage allotment and certifies that he underplanted (a) in anticipation of complying with the 1956 acreage reserve, or (b) because of adverse weather conditions; or (2) he has complied with his soil bank farm allotment, but an acreage of the rice was not harvested because of destruction by natural causes; or (3) the farmer is in an area where an established final date for rice is subsequent to May 28, and he plows or otherwise physically incorporates the crop into the soil, or clips, mows or cuts the crop after May 28 and prior to June 30 or the established final date, whichever is later, but not later than July 31.

Maximum and minimum acreage that a farmer may place in an acreage reserve has been established.

The national average rate for rice is \$2.25 per hundred pounds. Payments for underplanting are based on normal yield on the designated acreage. Payments for destruction because of natural causes or physical incorporation of the crop into the soil are based on appraised or normal yield for the farm, but will not be less than \$6 per acre.

The second part of the Soil Bank program is the *conservation reserve*. Under its provisions rice farmers may contract with the Secretary of Agriculture for a minimum period of 3 years to remove designated rice cropland from cultivation and to devote it exclusively to forage, trees, water storage or wildlife conserving uses.

Compensation for acreage placed in the conservation reserve is to be in the form of annual payments equivalent to a reasonable return on the diverted land.

The Federal Government is to pay a share of the cost of establishing the conservation uses. The total compensation paid in any year under this program is limited to 450 million dollars.

Farmers may participate in either or both the acreage and conservation reserve programs.

POLICIES AND OPERATIONS—1956

World production of rice reached a record level in most countries relative to acreage and yield. The rice acreage in the United States was reduced another 15 percent below the 1955 acreage allotment. The acreage for the 1956 rice crop was established at about 1.6 million.

Both acreage allotments and marketing quotas were established for the 1956 rice crop, and a minimum national average support of \$4.50 per hundred pounds, or 83 percent of parity, was established.

SUMMARY OF MARKETING QUOTAS

Date of Proclamation

Quotas are proclaimed not later than December 31. If the Secretary of Agriculture determines that the total supply exceeds the normal supply by more than 10 percent, he must proclaim marketing quotas for the rice crop produced in the following year, unless he dispenses with quotas under his emergency authority.

Authority to Terminate

The Secretary may terminate quotas when necessary to meet a national emergency or a material increase in export demand, or make a normal supply of rice available free of marketing restrictions.

Level at Which Established

No national marketing quota is determined, but a national acreage allotment is computed by the same formula used when only acreage allotments are in effect. Farm marketing quotas amount to actual production on the total rice acreage less the farm marketing excess. Farm marketing excess is equal to the normal production on the total farm acreage in excess of production on the farm acreage allotment; however, if the producer fulfills production levels, it cannot be larger than the amount by which actual rice production exceeds the normal production on the allotted acreage.

Authority to Increase

The Secretary may increase quotas when necessary to meet a national emergency or a

material increase in export demand, or make a normal supply of rice available free of marketing restrictions.

Specific Referendum

A referendum must be held within 30 days after the issuance of the marketing quota proclamation, and any farmer engaged in producing the crop harvested in the year immediately preceding the referendum is eligible to vote. A farmer may vote for quotas for 1 year or vote for no quotas. For farmers to retain quotas, not less than two-thirds of the eligible farmers voting must approve. Results are announced February 15 immediately preceding the marketing year for which quotas are in effect if the vote is unfavorable.

Penalties for Noncompliance

1. The amount of the penalty is 50 percent of the June 15 parity price.

2. Exempt from quotas are small rice farms and rice produced for experimental purposes on publicly owned agricultural experiment stations.

3. The penalty must be paid on all farm marketing excess.

4. Payment of penalty can be avoided or postponed by storing farm marketing excess, delivery of excess to the Secretary of Agriculture or his designee or disposition in a manner not inconsistent with the purposes of the Act. The producer has a reasonable period before harvest to adjust production.

5. If the farmer does not avoid or postpone the penalty, he may pay it before any of the crop is marketed, or the penalty may be collected by the buyer on each bag of rice not identified as penalty.

Normal Supply and Acreage Allotments

For purposes of determining the size of national acreage allotment, normal supply is the estimated rice exports for the marketing year in which acreage allotments or marketing quotas will be in effect, plus estimated domestic consumption of rice for the preceding marketing year, plus an additional 10 percent of the total of carryover allowance. The Secretary may adjust for trends in consumption and unusual conditions.

SUMMARY OF ACREAGE ALLOTMENTS

When Proclaimed

Allotments are proclaimed every year, unless the Secretary dispenses with allotments under his emergency authority. The Secretary may terminate or increase allotments when necessary to meet a national emergency or a material in-

crease in export demand. The latest date for proclaiming acreage allotments is December 31 preceding the crop year for which acreage allotments will be in effect.

Level at Which Established

National—The national level is the number of acres of rice which, when multiplied by the national average yield of rice per acre in the 5 preceding years, will produce a new crop which together with the number of bags of the old crop of rice carried over into the marketing quota year equal a normal supply. The allotment for the 1956 crop cannot be less than 85 percent of the 1955 allotment.

State—National acreage allotment (less reserve of not to exceed 1 percent for old farms with inadequate allotments because of insufficient state or county allotments or because rice was not planted on the farm during all of the preceding 5 years) is apportioned to the producing states on the basis of the average number of acres planted to rice in each state during the 5 preceding years (plus the acreage diverted under previous agricultural adjustment programs) adjusted for trends in acreage.

Farm—Two general bases for establishing individual farm acreage allotments are provided.

(1) *History of the producer*—The state acreage allotment (less a reserve of not to exceed 3 percent for new producers) is apportioned to farms within the state using these standards: past production in the state of rice by the producer on the farm, taking into consideration acreage allotments previously established for the producer; abnormal conditions affecting acreage; land, labor and equipment available for the production of rice; crop rotation practices; and the soil and other physical factors affecting the production of rice. (2) *History of the farm*—The state acreage allotment (less a reserve of not to exceed 3 percent for new farms plus a reserve of not to exceed 5 percent for making adjustments in county allotments for trends in acreage and for abnormal conditions affecting plantings) is apportioned to counties in the state on the same basis as the national allotment is apportioned to states. The county acreage allotment then is apportioned to farms within the county on the basis of past production of rice on the farm, taking into consideration acreage allotments previously established for the farm and the applicable standards set forth above. The history of farm basis is used only when recommended by the Agricultural Stabilization Conservation state committee and approved by the Secretary.

Special Provisions for Farms

New Farms—Not to exceed 3 percent of the state allotment may be used to establish acreage allotments for new farms (those on which rice was not planted in any of the 5 preceding years)

on the basis of the applicable factors used for establishing allotments for old farm.

Old Farms—Not to exceed 1 percent of the national allotment may be used for apportionment to farms receiving allotments which are inadequate because of insufficient state or county

allotments or because rice was not planted on the farm during all of the 5 preceding years.

Small Farms—Acreage allotments or marketing quotas do not apply to nonirrigated rice produced on any farm where the acreage planted to nonirrigated rice does not exceed 3 acres.

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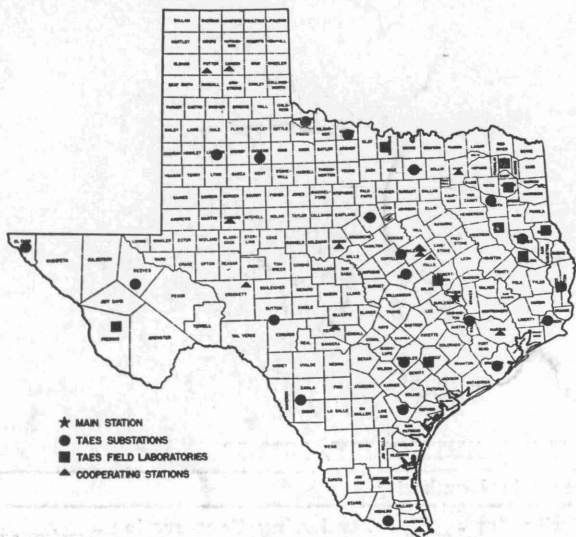
INDEX OF RICE LEGISLATION AND PRINCIPAL AUTHORITY, 1933-56

Year	Legislation	Principal authority						
		Marketing agreements	Acreage allotments	Parity payments	Loans	Purchasing agreements	Conservation payments	Purchases
1933	P.L. 10 ¹ , 73rd Congress	M	A					
1934								
1935	P.L. 20, 74th Congress							
	P.L. 320, 74th Congress	M						
1936	Part of 1933 AAA ²							
	P.L. 461, 74th Congress		A					CP
1937	P.L. 170, 75th Congress		A					CP
1938	P.L. 430, 75th Congress		A	PP				
	P.R. 122 ³ , 75th Congress							
1939	P.L. 159, 76th Congress		A	PP				CP
1940	P.L. 658, 76th Congress		A	PP				
	P.L. 716, 76th Congress							
1941	P.L. 144, 77th Congress	M	A	PP	L			P
	P.L. 374, 77th Congress							
1942	P.L. 421, 77th Congress							
	P.L. 674, 77th Congress	M	A	PP	L			
1943	P.L. 129, 78th Congress	M	A	PP				
1944	Provision PL 374, 77th Congress	M		PP				
1945	Provision PL 374, 77th Congress	M		PP	L			
1946	Provision PL 374, 77th Congress	M		PP				
1947	Authority PL 144, 77th Congress	M		PP	L	PA		
1948	P.L. 897, 80th Congress	M		PP	L	PA		
1949	P.L. 439, 81st Congress	M		PP	L	PA		
1950	P.L. 561, 81st Congress	M	A	PP	L	PA		
1951	Provision PL 439, 81st Congress	M	A	PP	L	PA		
1952	P.L. 585, 82nd Congress	M		PP	L	PA		
1953	P.L. 216, 83rd Congress	M		PP	L	PA		
1954	AAA of 1954, 83rd Congress	M		PP	L	PA		
1955	P.L. 29, 84th Congress	M	A	PP	L	PA		
	P.L. 288, 84th Congress							
1956	Ag. Act, 1956, 84th Congress	See Legislation — 1956						

P.L. means Public Law.

²Declared unconstitutional.

³P.R. means Public Resolution.



Location of field research units in Texas maintained by the Texas Agricultural Experiment Station and cooperating agencies

State-wide Research



The Texas Agricultural Experiment Station is the public agricultural research agency of the State of Texas, and is one of nine parts of the Texas A&M College System

IN THE MAIN STATION, with headquarters at College Station, are 16 subject-matter departments, 2 service departments, 3 regulatory services and the administrative staff. Located out in the major agricultural areas of Texas are 21 substations and 9 field laboratories. In addition, there are 14 cooperating stations owned by other agencies, including the Texas Forest Service, the Game and Fish Commission of Texas, the U. S. Department of Agriculture, University of Texas, Texas Technological College and the King Ranch. Some experiments are conducted on farms and ranches and in rural homes.

RESearch BY THE TEXAS STATION is organized by programs and projects. A program of research represents a coordinated effort to solve the many problems relating to a common objective or situation. A research project represents the procedures for attacking a specific problem within a program.

THE TEXAS STATION is conducting about 350 active research projects, grouped in 25 programs which include all phases of agriculture in Texas. Among these are: conservation and improvement of soils; conservation and use of water in agriculture; grasses and legumes for pastures, ranges, hay, conservation and improvement of soils; grain crops; cotton and other fiber crops; vegetable crops; citrus and other subtropical fruits, fruits and nuts; oil seed crops—other than cotton; ornamental plants—including turf; brush and weeds; insects; plant diseases; beef cattle; dairy cattle; sheep and goats; swine; chickens and turkeys; animal diseases and parasites fish and game on farms and ranches; farm and ranch engineering; farm and ranch business; marketing agricultural products; rural home economics; and rural agricultural economics. Two additional programs are maintenance and upkeep, and central services.

RESearch RESULTS are carried to Texas farm and ranch owners and homemakers by specialists and county agents of the Texas Agricultural Extension Service.