

June '53

STATEMENT
BY
SENATOR ROBERT H. HUMPHREY
ON
GRAIN STORAGE CRISIS

Mr. President, I am glad that the Senator from Montana has brought up a subject of the most critical importance to farmers of the midwest at the present time. I want to concur most emphatically in what he has said.

Our storage situation in Minnesota is serious. We are going to have trouble taking care of the corn harvest, because adequate preparations have not been made.

Minnesota has a total government storage capacity of about 43,000,000 bushels at this time. We now have 23,000,000 bushels of corn in government bins -- from the 1948 and 1949 crop. There *is* about 43,000,000 bushels of 1952 corn under crop loan on the farms or under purchase agreements. These loans run out on July 31; with 60 days' grace to the government, it means this corn must be moved by September 30. That is only about two weeks prior to corn picking.

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Yet as it now stands we have only got room for taking care of 20,000,000 more bushels in the government bins. I understand the Department of Agriculture is hoping to get 10,000,000 bushels re-sealed by farmers, then intends providing about 10,000,000 bushel capacity in new bins to take care of the rest.

I must warn that I do not think that even last-minute expansion of storage facilities is going to be adequate. I don't think Minnesota farmers are going to re-seal 10,000,000 bushels of 1952 crop corn. Interest rates on the 1952 crop loans have been raised from 3 to $3\frac{1}{2}$ percent; it will be 4% on the 1953 crop. The 13 cent per bushel storage fee just won't cover this higher interest and the possible loss from spoilage.

Minnesota farmers have built some additional storage space this summer, but it is mainly to meet 1953 crop needs.

Faribault county alone needs 1,000,000 bushels additional storage space now. This is typical of the southern Minnesota counties.

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Unfortunately, the handwriting is on the wall as to what

will happen under such circumstances. The only way the problem can be met is to dump corn on the market. We have seen that happen before, and know that price support is useless protection without adequate storage.

Failure to anticipate and provide for storage needs can wipe out effectiveness of price protection just as surely as repealing the price support laws now on the books.

Adequate storage facilities is the most vital part of our program to get fair prices for grain farmers.

If there is enough storage space, farmers don't have to sell their grain crops, such as wheat, barley, oats and corn, immediately after harvesting them, when prices are at their lowest point of the year.

A shortage of storage always causes a spread between the support level and the market level, with the farmer taking a licking.

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As of June, with harvest in full swing, the market price in many areas was reported running 50 to 75 cents a bushel (a half or a third) below the support price -- adding up to millions and millions of dollars lost by all farmers on all grain crops during the year.

That is why we must fight for adequate storage just as vigilantly as we fight for price support laws. One is of little use without the other.

The Senator from Montana has done a service to agriculture in focussing the spotlight on the seriousness of this situation.

I have been watching it closely and hopefully, but I regret to say the Administration's record has been a shameful example of neglect, a sad case of "too little, too late".

I know that career employees in the Department of Agriculture endeavored to impress the new Secretary with the serious nature of the problem ever since he took over last January.

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Yet the Administration delayed any action until harvest

was on top of many farmers, and their prices were already depressed.

I have kept close track of this storage story this year, and I

know the complaint from the Senator from Montana is well founded.

As evidence supporting that protest, I would like to have appear

in the record a chronology of just what has taken place -- the

whole story to date, taken from grain trade reports and official

press releases. I ask unanimous consent that it be printed at this

point.

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CHRONOLOGY OF THE GRAIN STORAGE SHORTAGE (All dates are in 1953)

April
24

The Department of Agriculture announced a one-year extension of price support loans on corn and oats grown in 1952, having the effect of "re-sealing" that grain in farm bins to keep it from moving into the crowded market.-- Press Release.

Note: The re-sealing did not add a single bushel to the total storage capacity of the country.

May
12

"Secretary Benson asks Farmers and Others to Anticipate Wheat Storage Needs" -- Press Release.

The announcement stated that "farmers themselves can do much to see that this year's big wheat supply is properly housed" and that "private agencies have handled most of this in the past and are expected to be adequate this year."

May
27

The Department of Agriculture announced a one-year extension (through June of 1954) for farmers to borrow from CCC to build storage on their farms. -- Press Release.

Note: It also reported that 34,263 loans of more than \$40,500,000 had been granted by CCC for more than 142,000,000 bushels of this kind of storage since 1949 -- when Democrats started this program.

May
28

Secretary Benson called a conference at Des Moines a week later "to consider the threatened shortage of storage to handle corn supplies this fall, and develop plans to increase farm storage facilities." -- Press Release.

May
29

The Department of Agriculture arranged to use surplus merchant ships on the Atlantic seaboard for grain storage. -- Press Release.

Note: This was also done in 1949.

June
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The Wall Street Journal rounded up the situation from Chicago, under the following headline:

Storage Trouble
Hefty Grain Surpluses
Threaten Side-Splitting
Strain on Bin Space

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Among other authorities, it quoted the following:

--- "Never in all my years in the grain business have I seen the disparity between the loan price and market price so great. In Chicago the loan rate is \$2.53 a bushel and the market is \$2.02...Usually the drop occurs after the new crop has started to come in, but this year the decline took place in advance. A most unusual situation."

-- Richard Uhlmann, President
Uhlmann Grain Co., Chicago.

--- "Here in the Midwest we are going to have a big crop... and our red wheat is proving strictly a dog on the market. Nobody wants to buy it and you just can't find any storage around here for loan wheat."

-- E. J. Kazmarek
Illinois Grain Corporation, Chicago.

--- "Our crop looks big...but everyone is concerned about the storage problem. Terminal elevator space in Ohio suitable for wheat is not estimated over 4 million bushels, and the millers, who have their own space, won't bother with Government storage. It naturally is to their interest to buy at the depressed market prices, far below loan."

-- Walter See
Ohio Farm Bureau Federation

To these quotes from grain experts, the Journal added:

--- "If and when the Commodity Credit Corp. specialists are able to solve the awe-inspiring problem in wheat storage logistics, they face the prospect of an even worse problem in corn."

--- "With Midwest wheat on a semi-distress basis, the price decline here has dragged down prices all over the national producing belt."

June
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"U. S. TO QUIT STORING GRAIN

Would Leave
It To Farmers

Plan Disclosed Here
in 6-State Meeting

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"The Federal government plans to get out of the grain storage business." -- Des Moines Register news story about the Department's storage meeting in that city.

"I (Undersecretary Morse) fear that if the Government must resort to buying bins and putting them up to store corn, we will have to look at them in the future as monuments to the failure of free enterprise." --

--- Wall Street Journal story about the same meeting.

June
4

"I wish to take this opportunity to protest the lack of storage facilities for grain that will be harvested during the next few weeks in my area. The lack of storage facilities creates a decided hardship for the small farmers in that they have no place to store their grain...In other words, they find it necessary to sell their grain on the market for the market price thus losing the difference between the guaranteed price and the market price.

"This problem has been known for several months and no action has been taken by the Kansas City office until just recently...I feel that our small farmers are entitled to the same benefits that others who can secure storage facilities are entitled."

-- Letter to the Department of Agriculture from Congressman Jeffrey P. Hillelson, the Republican who represents Harry S. Truman's district in Missouri.

June
6

"Delay on CCC Bins

As this issue...goes to press, the Commodity Credit Corporation Board has not yet ordered the purchase of the new bins needed. ... Why the delay? Most of the PMA and CCC officials see the problem. But there are other folks in the Department of Agriculture who dislike the corn loan, object to government handling of storage, and who keep hoping that something will happen to get them off the hook without their actually buying more bins."

-- Wallace's Farmer and Iowa Homestead.

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"Worst Grain Storage Squeeze Looms

June
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U. S. To Require Space
for a Billion Bushels
of Wheat and Corn"

-- Headline in the New York Times.

June
10

The Department announced that CCC "authorized some additional purchase of storage bins to help handle CCC grain stocks, especially corn," and declared that "officials believe that only limited purchases will be necessary, if farmers re-seal considerable quantities of 1952-crop loan corn for another year and provide additional on-farm storage to handle the 1953 crop." -- Press Release.

June
14

"In their efforts to find a way out of the dilemma, grain traders were talking of the possibility the Agriculture Department would make loans to farmers on wheat stored on the ground. There has not been the slightest hint this will be done, but it has happened in the past."

-- Journal of Commerce, 6/15

June
15

"WHEAT BREAKS
10¢ Limit, Tips
Other Markets

"Yesterday's declines carried wheat still farther below Government support price levels and, at the close, the final quote was approximately 65¢ a bushel lower than the Government support price. Corn was about 20¢ a bushel under the support level....

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"The Corporation (CCC) has been wrestling for some time with the problem of finding additional storage facilities and, while some progress has been made, the problem still is far from a solution."

-- Journal of Commerce, 6/16

June
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The Department held a meeting with bin manufacturers "to survey the availability of materials for bin structures" and to distribute specifications for bins. Manufacturers "were told by Department officials that a minimum quantity of structures would be purchased."

The figure was set at approximately 50,000,000 bushels, "which is expected to be adequate." Offers were to be received by June 24, and "as many as possible of the structures are desired for delivery on or before July 31, 1953, and the remainder on or before August 15, 1953."

-- Press Release

June
15

"Wheat led a sharp downturn in commodity markets ... "For the first time since February 11, 1948, wheat futures in all United States Markets tumbled 10 cents a bushel, the daily limit....

"Weakness in wheat was again caused by expanded harvest of the 1953 winter wheat crop and concern over storage room.....

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"Combines are now active in Texas and Oklahoma, and by the end of this week, harvesters will be active in southern parts of Kansas. Private reports from harvesting areas noted that wheat was already being piled on the ground because of a lack of storage room."

-- Wall Street Journal, 6/16

June
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"A top Agriculture Department official called Monday's commodity market break 'disturbing,' but he indicated the Government is contemplating no shift of policy because of current market activity....

"I suppose that sort of activity is a natural reaction to the fact that winter wheat is moving into harvest at a time of already heavy supplies and a shortage of storage spaces," said John H. Davis, president of the Commodity Credit Corp. "I rather expected something of this sort to happen in the commodity markets when the wheat crop estimate came out last week."

-- Wall Street Journal, 6/17

June
17

"The Department of Agriculture announced today that it will make emergency price support loans on wheat stored on the ground in arid areas of the southwest, where a shortage of storage facilities had been reported....

"This action was taken in an effort to stabilize grain markets that have been declining because of a critical storage situation and shrinking export sales... (said John H. Davis, President of CCC).

"Davis said details of the ground storage program have not yet been worked out, but that they should be ready by the end of the week.

"The decision to make loans on grain piled on the ground came as a surprise, because Davis said yesterday no changes were being contemplated in the Department's grain program."

-- AP news story in the Chicago Tribune 6/18

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June
17

"Wheat shot up the full trading limit of 10¢ a bushel at one time, but sold off on profit taking and more sober consideration as to the ultimate effect of new Government support action announced during the day...

"The Commodity Credit Corporation had announced that the price-supporting loans would be made available to producers of supplies on the ground in the arid areas of the Southwest. Later it was realized that the CCC offer applied to only a limited part of the new crop, leaving the majority of producers ineligible for loans owing to shortage of storage facilities."

-- Journal of Commerce, 6/18

June
19

The Department announced details of "the special distress wheat loan program" for wheat on the ground.

-- Press release.

June
20

"I am amazed to discover that the Department of Agriculture only recently has taken cognizance of the shortage of storage and, to date, have taken no significant action to work out a solution. This situation has been foreseeable for several months and in sufficient time to initiate an orderly and adequate program for the protection of the grain producers of this nation and to make available to them the benefits of price support which were designed by the Congress for this very type of situation."

-- Letter to President Eisenhower
from James G. Patton, President
of the National Farmers Union

June
21

Grain Surplus
Is 'Headache'

Wheat Prices Hit

"Chicago, Ill -- (AP) -- This country has so much wheat this year that nobody knows what to do with it.

"This factor has depressed prices in an already weak wheat market, just at the time when the farmers are gathering the harvest...

"In the midwest the storage situation is even more acute than in the southwest..."

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"July wheat futures on the Chicago Board of Trade last week fell as low as \$1.87 a bushel before rallying somewhat. This was the lowest price since Feb. 8, 1950...

"The lower market prices are a severe blow to farmers who are unable to find storage space."

-- The Milwaukee Journal, 6/21

June
25

"Wheat Farmers Urged Not to Sacrifice Grain:

"There is no need for farmers to sell wheat as much as 30 to 60 cents below the price supports," John H. Davis, president of the Commodity Credit Corporation ... said today."

--- Press Release.

June
26

"The U. S. Department of Agriculture announced today the addition of Illinois, Indiana, Michigan, Missouri and Ohio to the list of States in which 'distress' wheat loans will be made to producers who store wheat in temporary facilities. Loans will not be available in the States added today if the wheat is stored on the ground."

-- Press Release.

June
28

Heavy Shipments
Weaken Wheat

Prices Register More
Than Harvest Time Dip

"Chicago, June 28 (AP)...Grain prices usually are lower at harvest time, but are even more so this year because storage is filled to capacity and many farmers who usually store their wheat for the loan price are having to dump it on the market...

"Wheat storage space in the Midwest is even more short than in the Southwest, where a lot of wheat had to be dumped on the ground."

-- Journal of Commerce, 6/29

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July
2

"Why do Iowa Republican editors keep silent about the corn storage problem? Of course I know quite a few of them and know they believe anything that a Republican politician does is 'good' but when their own 'bread and butter' is threatened I always thought they would take 'the hide off' as it were of someone. But only one or two have even mentioned the seriousness of the situation. 'Too Little and Too Late' seems to be popular in Iowa again."

-- The Parkersburg (Iowa) Eclipse.

July
8

The Department announced the awarding of contracts for the purchase of 89,405,475 bushels of grain bin capacity. These portable bins are to be shipped "during the next two months" to locations in 8 States.

-- Press Release.

Note: This is about double the Department's original intention, announced three weeks earlier. This schedule would put the last bin in place about September 8.

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From that record, the Administration stands indicted

by the farm belt press -- the Republican press -- of doing too little, too late, to avoid undermining the effectiveness of price support for America's farmers.

There may yet be time to ease the situation on corn, if there is the will to do it.

But by all means, the price-depressing situation now confronting American farmers due to lack of storage facilities must not be allowed to continue. Now is the time to start looking ahead for next year -- instead of waiting until the last weeks before harvest. It's time more thought was given to this whole storage situation. Some of us must insist that the time to act is now.



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