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PRICE SUPPORT levels for 1955 and subsequent crops still are on the legislative anvil. Their final shape and size will not be known until Congress has hammered the many sharply divergent views into a single form and passed it along to the White House for consideration.

The financial requirements of the current program were highlighted again this week by the Secretary of Agriculture's request for a 1½ billion dollar increase in borrowing authority for the CCC. This would raise its total obligational authority to 10 billion dollars.

At the end of April, CCC obligations totaled 6.2 billion dollars, reflecting an increase of 2.6 billion in the previous year. Agriculture Department estimates indicate the present borrowing authority of 8.5 billion dollars will not be enough to finance CCC operations after November.

THE FINANCIAL DRAIN on the Treasury can be reduced by lowering the level of support as was done with dairy products or by effective control of production and marketing. It is not an easy matter, however, to achieve a reduction in total agricultural output. Acreage control programs in the past have limited the output of certain crops but probably have had only nominal effect on total production of farm commodities.

A step in this direction was taken recently with the announcement of a further cutback of 13 per cent in wheat acreage allotments for the 1955 crops. To assure compliance with allotments, marketing quotas have been declared and will be in effect if approved by two-thirds of the wheat growers voting in a referendum on July 23. Approval of the quotas will mean than farmers can sell only the amount of wheat produced on their allotted acres. Any excess over this is subject to heavy penalty.

The Secretary announced also that farmers must comply with all acreage allotments established for their farms in 1955 if they are to be eligible for price support on any crop produced on the farm. This is in sharp contrast with the 1954 program in which "cross compliance" was not required. This year cotton farmers, for example, could comply with the cotton allotment but plant diverted acres to corn or other supported crops and still obtain price support for their cotton. This will not be possible next year.

Furthermore, on farms where the 1955 acreage allotments call for a diversion of more than 10 acres, a total acreage allotment will be established for the farm and the farmer must stay within that total as well as the individual crop allotments to be eligible for price support. Diverted acres may be left idle or used for hay and pasture crops.

THE RIGID CONTROL of land use on individual farms--inherent in a program which attempts to support prices of individual commodities at higher than market levels--has stimulated a search for alternative types of programs which would enable the nation to live with excess capacity in agriculture without bringing severe financial distress to many rural communities. The objective is to retain a large degree of freedom in the decisions of individual farmers as to how they use their land and other resources.

A suggestion which has acquired some following is to promote a shift to grass and livestock. This is the type of adjustment which would normally take place if market prices were left free to guide producers and consumers. It is the type of adjustment that will occur under the present program also, but largely as a by-product rather than as an accepted objective.

It would have the effect of reducing total food supply since it takes about seven calories of feed consumed by livestock to make one in the form of meat, milk or eggs for human consumption. Furthermore, shifts from grain-consuming livestock to grass- and roughage-consuming livestock further reduce the output of food per acre. Agricultural economists at Purdue University point out, for example, that a shift from corn and hogs to grass and beef reduces the total output of meat to about one-fourth, as measured on a caloric basis.

To encourage such a shift at the present time and to minimize its effects on farm income, the Purdue economists suggest that payments be made to farmers for land planted to grass and legumes. The payments would be in proportion to the productive capacity of the land. Farms and ranches in which most of the land is used for hay and pasture would receive most of the payments, but the producers of cash crops such as wheat and cotton would benefit from reduced acreage and higher prices for these crops. But prices would not be so high as to interfere with the marketing of the available supply. The cost of the program would vary depending upon the per acre payment and the amount of land shifted from harvested crops into hay and pasture.

It is pointed out that this program would promote soil conservation and that land of improved productivity would be available for immediate use whenever the demand arose. Furthermore, insofar as it increased the number of livestock on farms, these animals would be available for slaughter if the need arose. Hence, the program would provide an "ever-normal granary" in the form of livestock rather than grain. A 10 million increase in the number of cattle on farms would be equivalent to the storage of about 500 million bushels of corn.

As the strains and stresses inherent in measures which attempt to maintain prices at a level either above or below that which will just clear the market of available supplies become more intense, the search for means of relieving such pressures is stepped up and alternatives appear more and more palatable.

Research Department