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**Letter with a letter draft, B. F. Smith, to David R. Bowen, August 30, 1978.**

B. F. Smith

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SEP 5 1978

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THE ORGANIZATION OF THE YAZOO-MISSISSIPPI DELTA

PROMOTING AND DEVELOPING THE ECONOMY AND SOCIETY OF ITS AREA

TELEPHONE: LELAND, MISS., 686-4041

STONEVILLE, MISSISSIPPI 38776

August 30, 1978

Honorable David R. Bowen, M.C.  
116 Cannon House Office Building  
Washington, D. C. 20515

Dear David:

I am enclosing a rough draft copy of the proposed letter to the Secretary of Agriculture urging that he move without delay to implement a one million ton, Title I programming level for rice under Public Law 480. This letter is, of course, merely a suggestion and I feel sure that you can improve it greatly.

I am also enclosing photocopy of the letter sent to the Secretary by a group of senators, including Senator Eastland, on August 21.

With best personal regards,

Yours very truly,

B.F.

B. F. Smith  
Executive Vice President

BFS/dl

Enclosure<sub>s</sub>

cc: Cleveland, Mississippi

Honorable Bob Bergland  
Secretary of Agriculture  
Washington, D. C.

Dear Mr. Secretary:

Indications are that weather conditions in Asia, where 80 percent of the world's rice is produced, are conducive to the production of a bumper crop this year. Also, U.S. rice producers are beginning to harvest a record crop. Even though our July 31, 1978, carryover of rough rice is not unduly burdensome, total world supplies will place a great deal of downward pressure on market prices which could go to disastrous levels.

Rice prices in the United States are already responding to this downward pressure and dropped from \$10.80/cwt. in April to below \$8.00/cwt. in mid-August. A continued downward trend in domestic world prices will result in deficiency payments to eligible allotment holders. Additionally, the CCC could be forced to acquire as much as 20 million cwt. of rice under the loan program and the USDA forced to implement the maximum set aside (30 percent) for the 1979 rice crop.

We believe that timely action by the USDA would minimize the impact of large rice supplies on the market, thereby permitting U.S. farmers to dispose of a high percentage of their 1978 production at a profitable price level. This could save the government a great deal of money that would otherwise be paid in connection with deficiency payments, taking over CCC rice and storage charges. In fact, potential costs can be reduced by nearly \$100 million.

We, therefore, urge that you act immediately to:

- (1) Announce a one million-ton Title I programming level for rice, Under P.L. 480. This should be done immediately since long delays will result in the erosion of potential markets.
- (2) Conclude a 450,000-ton P.L. 480, Title I rice agreement with Indonesia. It is our understanding that Indonesia is prepared to sign such an agreement; however, a delay in concluding this agreement will certainly result in Indonesia acquiring rice supplies from other rice sellers thus delaying P.L. 480 rice purchases from this country.
- (3) Implement the farmer-owned Rice Reserve Program under consideration by the USDA, consistent with those programs currently in use for wheat and other feed grains.

Implementation of these recommendations will minimize government costs, strengthen farm income and provide a positive contribution to our balance of payments. We strongly urge that this action be taken immediately.

Sincerely,