

MISCELLANEOUS

GOVERNMENT

Storage

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 3689

TRANSFER OF RICE ACREAGE

MAY 24, 1961

H.R. 5008 and S. 1107

EXEMPTION OF DURUM WHEAT FROM ACREAGE ALLOTMENTS AND MARKETING QUOTAS IN CERTAIN CALIFORNIA COUNTIES

AUGUST 7, 1961

S. 1040

ABOLISH THE FEDERAL FARM MORTGAGE CORPORATION

AUGUST 15, 1961

H.R. 8842

AMEND SUBSECTION (h) OF SECTION 124 OF THE AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961

AUGUST 31, 1961

H.R. 8914

AMEND SUBSECTION (d) OF SECTION 16 OF THE SOIL
CONSERVATION AND DOMESTIC ALLOTMENT ACT

AUGUST 31 AND SEPTEMBER 1, 1961

Serial V

Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

75867

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION



1186A
5-100

HEARINGS
COMMITTEE OF AGRICULTURE

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

GEORGE GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
CARL ALBERT, Oklahoma
WATKINS M. ABBITT, Virginia
CLARK W. THOMPSON, Texas
PAUL C. JONES, Missouri
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
ROSS BASS, Tennessee
W. PAT JENNINGS, Virginia
D. R. (BILLY) MATTHEWS, Florida
MERWIN COAD, Iowa
J. FLOYD BREEDING, Kansas
FRANK A. STUBBLEFIELD, Kentucky
HAROLD B. McSWEEN, Louisiana
DANIEL K. INOUE, Hawaii
RALPH R. HARDING, Idaho

CHARLES B. HOEVEN, Iowa
PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CLIFFORD G. McINTIRE, Maine
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
DON L. SHORT, North Dakota
CATHERINE MAY, Washington
DELBERT L. LATTA, Ohio
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
RALPH F. BEERMANN, Nebraska
BEN REIFEL, South Dakota

RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*

HYDE H. MURRAY, *Assistant Clerk*

JOHN J. HEIMRURGER, *Counsel*

FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

	Page
TRANSFER OF RICE ACREAGE	
H.R. 3689, a bill to provide for the transfer of rice acreage history where producer withdraws from the production of rice-----	3
Department of Agriculture report on H.R. 3689, letter of May 11, 1961----	4
Statement of J. Alton Satterfield and Edwin F. Rollins, Commodity Stabilization Service, U.S. Department of Agriculture-----	5
EXEMPTION OF DURUM WHEAT FROM ACREAGE ALLOTMENTS AND MARKETING QUOTAS IN CERTAIN CALIFORNIA COUNTIES	
H.R. 5008, a bill to exempt the production of durum wheat on the Tulelake area, Modoc and Siskiyou Counties, Calif., from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended-----	11
S. 1107, an act to provide a 2-year extension of the existing provision for a minimum wheat acreage allotment in the Tulelake area of California----	11
Statement of J. Alton Satterfield, Commodity Stabilization Service; accompanied by Charles Frazer, Agricultural Stabilization and Conservation Service; and Howard Rooney, Office of the General Counsel, U.S. Department of Agriculture-----	12
ABOLISH THE FEDERAL FARM MORTGAGE CORPORATION	
S. 1040, an act to abolish the Federal Farm Mortgage Corporation, and for other purposes-----	21
Senate Report 358, abolition of Federal Farm Mortgage Corporation-----	24
Statement of R. B. Tootell, Governor, Farm Credit Administration; accompanied by Don H. Bushnell, Director, Land Bank Service; and Paul O. Ritter, General Counsel-----	50
AMEND SUBSECTION (h) OF SECTION 124 OF THE AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961	
H.R. 8842, a bill to amend subsection (h) of section 124 of the Agricultural Enabling Amendments Act of 1961-----	55
Statement of J. Alton Satterfield, Deputy Director, Grain Division, ASCS; accompanied by Howard Rooney, Office of the General Counsel, U.S. Department of Agriculture; and James B. Dyess, executive vice president, National Wheatgrowers Association-----	55
AMEND SUBSECTION (d) OF SECTION 16 OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT	
H.R. 8914, a bill to amend subsection (d) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended-----	65
Statement of J. Alton Satterfield, Deputy Director, Grain Division, ASCS; accompanied by Howard Rooney, Office of the General Counsel, U.S. Department of Agriculture; and James B. Dyess, executive vice president, National Wheatgrowers Association-----	67, 79
Communications submitted to the subcommittee:	
Dole, Hon. Robert, a Representative in Congress from the State of Kansas, letter to the Secretary of Agriculture, August 17, 1961----	69
Murphy, Charles S., Under Secretary, U.S. Department of Agriculture, letter of August 30, 1961-----	66

H.R. 3689
TRANSFER OF RICE ACREAGE
MAY 24, 1961

THE
TRANSFER OF
MAY 1901

TRANSFER OF RICE ACREAGE

WEDNESDAY, MAY 24, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OILSEEDS AND RICE
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 1310, New House Office Building, Hon. Clark W. Thompson (chairman of the subcommittee) presiding.

Present: Representatives Thompson, Grant, Gathings, McMillan, Albert, Abbitt, Matthews, Findley, Beermann, and Reifel.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John Heimbarger, counsel.

Mr. THOMPSON. The subcommittee will come to order.

We have before us H.R. 3689 which we are to consider this morning. Mr. Satterfield, will you describe the bill and tell us what it is all about, please, sir. And we will insert in the record the bill and the report from the Department of Agriculture at this point.

(H.R. 3689 and the report dated May 11, 1961, follow:)

[H.R. 3689, 87th Cong., 1st sess.]

A BILL To provide for the transfer of rice acreage history where producer withdraws from the production of rice

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 353 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1353), be amended by adding at the end thereof a new subsection (f) to read as follows:

"(f) (1) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, dies or is declared incompetent by a court of competent jurisdiction, his history of rice production shall be apportioned in whole or in part among the heirs, devisees, or members of his family according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such relationship and succession of farming operations is furnished the Secretary.

"(2) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm withdraws in whole or in part from rice production in favor of a son, son-in-law, grandson, or nephew, that portion of his rice history acreage as may be ascribed to such withdrawal may be transferred to such son, son-in-law, grandson, or nephew, as the case may be, if satisfactory proof of such relationship and succession of farming operations by such son, son-in-law, grandson, or nephew is furnished the Secretary.

"(3) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm permanently withdrawn from rice production, his rice history acreage may be transferred to another producer or producers who have had previous rice-producing experience, provided the following conditions are met: (i) The transferee must acquire the entire farming operation pertaining to rice, including all production and harvesting equipment, any irrigation equipment not permanently attached to the land, and any land owned by the transferor to which any of the

transferred rice history acreage may be ascribed; and (ii) the transferee must actually plant at least 90 per centum of his total producer rice acreage allotment, including the allotment determined on the basis of the rice history acreage acquired from the transfer, for at least three out of the next four years following the transfer. Failure by transferee to comply with condition (ii) above shall result in cancellation of the transfer of the rice history acreage. The transferor of rice acreage history under this subsection shall not be eligible for a producer rice acreage allotment for any year subsequent to such transfer, except to the extent that such allotment may be based on rice history acquired in a year (subsequent to the transfer) for which rice acreage allotments are not in effect.

"(4) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners: *Provided*, That if a partnership was formed in a year in which allotments were in effect and is dissolved in less than three consecutive crop years after the partnership became effective, the rice acreage allotment established for the partnership and rice history acreages credited to the partnership for each of the years during its existence shall be divided among the partners in the same proportion that each partner contributed to the allotment established for the partnership at the time such partnership was formed. The rice history acreage credited to each of the partners for the years prior to the time the partnership was formed shall revert to the person to whom it was originally credited."

MAY 11, 1961.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 30, 1961, for a report on H.R. 3689, a bill to provide for the transfer of rice acreage history where producer withdraws from the production of rice.

This Department recommends the enactment of this bill.

H.R. 3689 would amend section 353 of the Agricultural Adjustment Act of 1938, as amended, to provide for the transfer of rice acreage history in a State or administrative area in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm in those instances where (1) the producer dies or is declared incompetent by a court of competent jurisdiction, (2) the producer withdraws in whole or in part from rice production in a favor of a son, son-in-law, grandson, or nephew, (3) the producer permanently withdraws from rice production, or (4) a partnership is dissolved.

The purpose of this bill is to give expressed statutory effect to the succession of interest provisions which for several years have been included in the Secretary's regulations governing the establishment of farm rice acreage allotments in States and administrative areas in which such allotments are determined on the basis of past production of rice by the producer on the farm. Except for the provisions which would permit a producer to transfer a part or all of his rice acreage history to a son, son-in-law, grandson, or nephew, and a slight change in the language of the provision pertaining to a producer who permanently withdraws from rice production, the provisions of this bill are essentially the same as those currently contained in the Secretary's regulations and for all practical purposes, will accomplish the same objective.

Since the sale of riceland in States in which farm rice acreage allotments are determined on the basis of past production of rice on the farm carries with it the rice acreage history of the farm, it is considered both appropriate and desirable that in States in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm the transfer of personal rice history be permitted in those cases where the producer either dies or is declared incompetent, withdraws in whole or in part from rice production in favor of a close heir, permanently withdraws from rice production by the sale of all rice-producing equipment together with any land owned by the producer to which any of such rice acreage may be ascribed, or is involved in the dissolution of a partnership. No express statutory provision relating to the transfer of personal rice acreage history now exists in the law.

Attention is directed to an error in the wording of this bill which appears on line 4 of page 3 of the printed bill. The third word from the end of the line should be "transferor" instead of "transfer."

In order to clarify certain terms as used in paragraph 3 of this bill, we desire to submit for the record our interpretation of the following terms:

1. "Producers who have had previous rice-producing experience." A producer shall be considered to have had previous rice-producing experience only if he has actually participated in producing, harvesting, and marketing of one or more crops of rice and shared in the crop or proceeds therefrom as landlord, tenant, or sharecropper.

2. "Land owned by the transferor to which any of the transferred rice history acreage may be ascribed." Rice history acreage shall be considered as ascribed to land to the extent that any rice has been produced on such land during any one or more of the years in the applicable base period used in establishing the rice acreage allotment for the crop then current at the time of acquisition by the transferee.

The enactment of this bill will not require the expenditure of any additional funds.

The Bureau of the Budget advises that, from the standpoint of the President's program, there is no objection to the submission of this report.

Sincerely yours,

ORVILLE L. FREEMAN.

STATEMENTS OF J. ALTON SATTERFIELD AND EDWIN F. ROLLINS, CSS, U.S. DEPARTMENT OF AGRICULTURE

Mr. SATTERFIELD. With me is Mr. Rollins. We have the farm allotment end of the work on rice. I would like for him to sit here with me to answer any questions.

H.R. 3689 is designed to provide for the transfer of rice acreage history in a State or administrative area in which farm acreage allotments are determined on the basis of past production of rice for the producers on the farm in those instances where the producer dies or is declared incompetent or withdraws in whole or in part from rice production in favor of a son, son-in-law, grandson, or nephew, or a producer withdraws and a partnership is remaining. Currently, and for some time we have provided in regulations with respect to the determination of farm allotments a procedure by which transfers of this nature can be made, although there is no statutory provision. We have operated in that manner in order to make the program work satisfactorily and successfully.

I might say that the purpose of the bill is to give statutory effect to what we are already doing and have been doing for some time.

Mr. THOMPSON. As I understand it, the effect of this bill is only on California, Texas and, possibly, a part of Louisiana.

Mr. SATTERFIELD. And Louisiana.

Mr. THOMPSON. Where the allotment goes with the farmer instead of with the farm, is that correct?

Mr. SATTERFIELD. That is correct. We have a couple of minor States in which allotments are determined in the same manner—Tennessee and North Carolina and Florida.

Mr. ALBERT. This relationship of passing it on seems very peculiar to me.

Mr. SATTERFIELD. We talked to the State and administrative people about this, and they said, probably, the producer would not want to turn it over to a daughter—she is not a farm operator. It would be the son-in-law.

Mr. ALBERT. You turn it over to the son-in-law, but not to a grandson-in-law?

Mr. SATTERFIELD. If you did, you would get so far down the ladder, why it is questionable as to whether he would be interested in turning it over to anyone down that far from his own blood relationship.

Mr. THOMPSON. As a matter of fact, this bill was drawn strictly by the industry.

Mr. SATTERFIELD. That is correct.

Mr. THOMPSON. This is what they think they want. I, certainly, would have no objection to it. I would have no objection to putting in the others, the daughters and granddaughters, or what have you, if you would like to do that. I, certainly, would not object to that, if that is what they want. It does not cost anybody any money. It does not interfere with anybody. This puts the hip pocket allotment, so to speak, on the same basis as the man whose allotment runs with the farm. He can transfer it according to this proposal, can he not?

Mr. SATTERFIELD. That is correct.

Mr. ALBERT. Is the allotment inheritable for rice?

Mr. SATTERFIELD. Yes, we have regulations which permit the same thing that we are doing here. Before you came in, I believe I explained that the effect of this bill was to give statutory effect to what we are already doing.

Mr. ALBERT. Yes, I heard that.

Mr. THOMPSON. They are already doing it. What they want is statutory authority, is that correct?

Mr. SATTERFIELD. That is correct.

Mr. GATHINGS. How often does a situation like this come about?

Mr. SATTERFIELD. Not very frequently. I suppose, probably Mr. Rollins can answer that better than I can, because he is working with the farmers at the present time and has been for some time.

Mr. ROLLINS. I will say the number of cases over the past 5 years has been very limited. However, there has been a slight increase from year to year in a number of instances where it would become effective, I think. Primarily, in that you do have a certain number of producers who now have accreted to them small acreage allotments which they are not in a position to use. And if they are not in a position to turn them over to anybody else to use, they are more or less frozen at that level with that person. As Mr. Satterfield said, at the present time we have a regulation which would permit the transfer in very limited cases, and subject to the approval of the State ASC committee. This would permit us to make, I think, a little more reasonable use of the acreage allotment than we are now permitted to do and would, also, provide statutory authority to support regulation which has been in effect for a number of years.

Mr. GATHINGS. This acreage allotment would only go to the immediate members of the family of the holder of such allotment?

Mr. ROLLINS. That is correct, and with the understanding, of course, that the individual would relinquish his rights to produce rice after having let his allotment be transferred to one of these persons named; in other words, he would no longer be in the production of rice as an individual, but the person who succeeded him in this transfer would take up where he left off or might take up where he left off.

Mr. GATHINGS. And step into his shoes?

Mr. ROLLINS. That is it.

Mr. GATHINGS. And obtain the same allotment?

Mr. ROLLINS. Yes.

Mr. GATHINGS. As it was transferred to him?

Mr. ROLLINS. Yes.

Mr. ALBERT. You recommend an amendment, is that right, in this bill?

Mr. SATTERFIELD. No, that is not an amendment. That is only an explanatory note of what we mean by the terms used in this.

Mr. McMILLAN. I believe that Mr. Gathings and Mr. Thompson have more rice in their districts than any other member. If the bill is all right with them, it is all right with me.

Mr. THOMPSON. It suits me, and I think that it does Mr. Gathings.

Mr. GATHINGS. It is all right with me, if you folks in Texas and California and parts of South Carolina are satisfied with it.

Mr. McMILLAN. We do not raise very much rice at the present time. We have not been a rice-producing area for a number of years.

Mr. SATTERFIELD. This applies in North Carolina where we have only about one-half dozen farms, and in Florida and in Tennessee, Congressman Gathings. You know that we have about three counties in western Tennessee where they produce a little rice.

Mr. THOMPSON. This can keep them out of trouble. Personally, I am inclined to go along with it.

Mr. ALBERT. I move that we report it, if it is in order.

Mr. McMILLAN. I second that motion.

Mr. GATHINGS. I second it.

Mr. THOMPSON. You have heard the motion, gentlemen. Those in favor of that say "aye"; those opposed, "no."

The "ayes" have it, and the bill is reported.

Thank you very much, gentlemen, for coming up.

(Whereupon, at 9:45 a.m., the subcommittee was adjourned.)

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

H.R. 5008 AND S. 1107

EXEMPTION OF DURUM WHEAT FROM ACREAGE
ALLOTMENTS AND MARKETING QUOTAS IN
CERTAIN CALIFORNIA COUNTIES

AUGUST 7, 1961

THE BOARD OF DIRECTORS OF THE AMERICAN
SOCIETY OF INTERNATIONAL LAW
HAS THE HONOR TO ANNOUNCE

THAT IT HAS THE PLEASURE TO INVITE
THE ATTENTION OF THE PUBLIC TO THE
FOLLOWING WORKS

THE AMERICAN SOCIETY OF INTERNATIONAL LAW
HAS THE HONOR TO ANNOUNCE

THAT IT HAS THE PLEASURE TO INVITE
THE ATTENTION OF THE PUBLIC TO THE
FOLLOWING WORKS
BY THE AMERICAN SOCIETY OF INTERNATIONAL LAW
AND THE AMERICAN SOCIETY OF INTERNATIONAL LAW
AND THE AMERICAN SOCIETY OF INTERNATIONAL LAW

THE AMERICAN SOCIETY OF INTERNATIONAL LAW
HAS THE HONOR TO ANNOUNCE

EXEMPTION OF DURUM WHEAT FROM THE ACREAGE ALLOTMENTS AND MARKETING QUOTAS IN CERTAIN CALIFORNIA COUNTIES

MONDAY, AUGUST 7, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1308, New House Office Building, Hon. Carl Albert (chairman of the subcommittee) presiding.

Present: Representatives Albert, Thompson, Jones of Missouri, Breeding, Belcher, Dole, and Reifel.

Also present: Representatives Hagen, and Johnson of California.

Christine S. Gallagher, clerk; Hyde Murray, assistant clerk; John J. Heimburger, counsel; and Francis M. LeMay, consultant.

Mr. ALBERT. The committee will come to order.

At the suggestion of the Department of Agriculture, the subcommittee has convened this morning to consider the bill S. 1107, a Durum wheat bill for the Tulalake area in California.

(S. 1107 and H.R. 5008 follows:)

[H.R. 5008, 87th Cong., 1st sess.]

A BILL To exempt the production of durum wheat in the Tulalake area, Modoc and Siskiyou Counties, California, from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 334 of the Agricultural Adjustment Act of 1938, as amended, is amended, effective with respect to the 1962 and subsequent crops, by adding at the end thereof a new subsection as follows:

"(j) Notwithstanding any other provision of this Act the Secretary shall exempt from the wheat acreage allotment and wheat marketing quota provisions of this Act production of durum wheat (class II) in the portions of Modoc and Siskiyou Counties, California, that comprise the area known as the Tulalake division of the Klamath project of California, as defined by the United States Department of the Interior, Bureau of Reclamation. Notwithstanding any other provision of law, durum wheat (class II) produced in 1962 and subsequent years in such area shall not be eligible for price support as provided under section 101 of the Agricultural Act of 1949, as amended, or for payment of any export subsidy under any Federal program."

[S. 1107, 87th Cong., 1st sess.]

AN ACT To provide a two-year extension of the existing provision for a minimum wheat acreage allotment in the Tulalake area of California

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 334(i) of the Agricultural Adjustment Act of 1938, as amended, is amended—

(1) by striking "1958 through 1961" out of the first sentence thereof, and inserting "1958 through 1963"; and

(2) by adding at the end thereof the following additional sentence: "Any provision of law providing for a general reduction in farm acreage allotments, or for an acreage diversion program, for the 1962 crop of wheat shall not be construed to apply to farms for which acreage allotments are increased under the provisions hereof unless such provision of law is made applicable specifically to such farms."

Passed the Senate July 14, 1961.

Attest:

FELTON M. JOHNSTON,
Secretary.

Mr. ALBERT. Judge Satterfield, are you going to represent the Department?

Mr. SATTERFIELD. Yes.

Mr. ALBERT. Will you proceed?

STATEMENT OF J. ALTON SATTERFIELD, COMMODITY STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY CHARLES FRAZER, AGRICULTURE STABILIZATION AND CONSERVATION SERVICE; AND HOWARD ROONEY, OFFICE OF GENERAL COUNSEL

Mr. SATTERFIELD. S. 1107 originally was a companion bill to H.R. 5008 which provided for permanent exemption of the Tulalake area of California from acreage allotments and marketing quotas on Durum wheat; also to make the production of Durum wheat in the area ineligible for price support and export subsidy under any Federal program.

The bill was amended by the Senate Committee on Agriculture and Forestry to provide a 2-year extension of the same type of program that has been in effect for the area since 1958, which gives the area a minimum allotment of 8,000 acres. However, in reporting the bill, the committee added a provision to it which would preclude the area from participating in the 1962 wheat diversion program.

The program under which producers in the area have been operating since 1958 has made Durum wheat produced in the area ineligible for price support and would continue to do so under the amended Senate bill.

Mr. ALBERT. Well, they are not asking to participate in the program, are they?

Mr. SATTERFIELD. No; they are not asking.

Mr. ALBERT. What is the effect of provisions in the general farm bill relating to Durum wheat?

Mr. SATTERFIELD. Well, under the general provisions of the farm bill, the Secretary has discretionary authority to increase the allotment on farms in the Dakotas and Montana, Minnesota, and California, which have produced Durum wheat (class II) during any one of the preceding 2 years, and such farms are located in counties in which Durum wheat (class II) has been produced in one or more of the past 5 years.

A uniform percentage increase would be applied to that portion of the allotment which represents Durum wheat.

The increased allotment that the Tulalake area would get under the general farm bill would be substantially below the 8,000 acres they

have been operating under since 1958 because the area had very little wheat average history prior to that year.

As you will recall, for the years in which the Tulelake area was producing foundation seed for the main Durum wheat area which was severely hit by rust damage, producers in this area were given no additional credit for history purposes. They operated in this manner for 2 years, 1956 and 1957. Since 1958 they have been operating under the 8,000-acre minimum allotment provision which has resulted in some increase in the wheat acreage history for the area. However, during the first year this legislation was in effect there weren't too many farmers in the area who took advantage of their increased allotments. In fact, there were some who felt it was too late to plant after the enactment of the legislation and many of those who did plant took a chance and planted before the Congress had completed action on the legislation.

Mr. BREEDING. Do the acres remain the same under this new legislation?

Mr. SATTERFIELD. Yes.

Mr. BREEDING. As they were under the act we passed in 1958?

Mr. SATTERFIELD. Right.

Mr. BREEDING. Still 8,000 acres?

Mr. SATTERFIELD. Except that if under the provisions of the general farm bill the Secretary increases Durum allotments, they would receive a comparable percentage increase over the 8,000 acres.

Mr. ALBERT. But the general bill doesn't give him authority to increase in California and not increase in other areas?

Mr. SATTERFIELD. No, it does not. It applies across the board.

Mr. ALBERT. So the effect of it is that in this area, they will not get very much benefit from the general bill.

Mr. SATTERFIELD. That is correct.

Mr. ALBERT. This legislation.

Are there any questions?

Mr. DOLE. Just one.

Do the provisions of the omnibus bill which we just passed with reference to Durum wheat have any effect on this quota?

Mr. SATTERFIELD. Yes. It could apply if the Secretary increases the allotment elsewhere. He would have to increase the allotment in this area by the same percentage.

Mr. ALBERT. I think, by way of background, I might say that we have had these bills up before. Here is a small area in California which has an independent local market. It does not absorb wheat from Dakota, the Dakota-Montana area. It has a very specific market for a very limited amount of wheat, but it is a rather new crop in the area.

The area does not have a large enough base now for any increase that might be given generally under the omnibus bill to do them any good. So we have given them a special exemption without price support and without benefits from the omnibus bill payment provisions. It is just an exemption, an 8,000-acre minimum exemption for the area.

Mr. BREEDING. Mr. Satterfield, could you tell us how much this 8,000 is over their allotment?

Mr. SATTERFIELD. I believe their regular allotment for 1962 will run something like 3,500 acres, based upon the additional history credit they have been able to establish during the past 4 years. You see, by giving double weight to the average history during the last 5 years of the 10-year base period as an adjustment for trend, the area received a somewhat larger allotment than it otherwise would have received. I don't know exactly what the regular allotment for the area worked out to for 1962, but I think somewhere in the neighborhood of 3,500 acres.

Mr. BREEDING. For that 3,500 acres, did they have price support?

Mr. SATTERFIELD. Yes.

Mr. BREEDING. Under their 8,000 they don't have price support?

Mr. SATTERFIELD. They do not; that is correct.

Mr. REIFEL. Mr. Chairman, as I understand it, they won't get any price support with this increase.

Mr. ALBERT. That is right.

Mr. REIFEL. And this increase in no way interferes with the use of wheat, this kind of wheat in the Dakotas and the other areas.

Mr. ALBERT. No. It has its own local market.

Mr. BREEDING. How far is this area from any other Durum-producing area?

Mr. SATTERFIELD. It is quite a distance. I was talking to Mr. Sylvester in Senator Young's office the other day, and he said that the Senator had recently asked some well-informed producer in a western county of Montana if he could produce Durum wheat and compete with the California producers in the west coast market. He said they couldn't compete because of the high freight rates.

The fact is last year a group of North Dakota producers went out to this area and spent a week looking into the situation, and they reported back to Senator Young that they had no objection to an extension of the minimum acreage provision to this area because they found that they could not compete in the west coast market with their wheat, that they couldn't profitably get wheat into that area.

Mr. BREEDING. They couldn't for the reason of high freight rates?

Mr. SATTERFIELD. Prior to the introduction of Durum wheat in this area there was a small amount of semolina manufactured on the west coast from Hard Spring wheat. But there was a very limited demand for it. It didn't make a manufactured product fully acceptable to consumers. So, as a result of Durum wheat coming into this area, they have established a fairly sizable market for their wheat for use in the manufacture of semolina. Yet, the Dakota producers of Durum wheat say they can't compete in the west coast market.

Mr. ALBERT. Well, this changes the date from 1961 to 1963. That would mean the next 2 crop years. And it provides that any provision of law providing for a general reduction in farm acreage allotments or for an acreage diversion program for the 1962 crop of wheat shall not be construed to apply to farms for which acreage allotments are increased under the provisions hereof.

Does that mean that if we have a program in 1963 similar to the 1962 program or some other type of program, that they will automatically come under it?

Mr. SATTERFIELD. That is my interpretation.

Mr. ALBERT. With their increased acreage?

Mr. SATTERFIELD. We have Mr. Rooney here from the General Counsel's office, and I would suggest that he be permitted to answer that question.

Mr. ROONEY. Yes. That provision only applies to the 1962 crop, Mr. Albert.

Mr. ALBERT. Well, the thing that I don't want to do here, in fairness to the other sections, is to set up a gimmick that will enable them to get a payment and also a voluntary increase of this kind. I don't think we should do that.

Mr. ROONEY. Well, bear in mind the only present legislation we have would be the omnibus bill if it is signed by the President which only applies to 1962.

Mr. ALBERT. Yes.

Mr. ROONEY. Then if you establish a program for 1963 by new legislation, you could handle this problem then. And it should be handled in that bill, it seems to me.

Mr. ALBERT. Do you think it should be through 1963 instead of through 1962 crop because we are going to have to go into the wheat problem again next year anyway. That is what I am getting at.

Should we have here a vested right that extends beyond the law as it applies to other kinds of wheat? What do you all think?

Mr. BREEDING. I don't think so, Mr. Chairman.

Mr. DOLE. I think you have a good point.

Mr. ALBERT. I don't think they care out there particularly, do they? But, you see, they will come in next year with a vested right as a result of something that has been given to them while other areas are having to take a cut, and it would seem to me that since the whole wheat problem has to come up again next year, this should be limited to next year's crop just as the general omnibus bill is. What do you think of that?

Mr. DOLE. I think it is a good suggestion.

Mr. ALBERT. What about that, Mr. Johnson?

Mr. JOHNSON. Well, of course, I think the major producers of germ wheat have looked over the situation very carefully, and they think that this particular area in the West does not interfere in any way with their operations in the other Durum wheat States. They don't affect the market.

Now our people naturally would like to see a longer life than 1962 written into the law. They have asked for an exemption altogether to take them off the program which was turned down, that was amended out in the Senate, and this language was added.

Now I don't know. The people are there; they don't want to take any undue advantage of the situation, I am sure.

Mr. ALBERT. They know that everybody else is under a 1-year bill right now.

Mr. JOHNSON. They know that. We have notified them. But with that bill, as the gentleman explained over there, we get very little relief.

Mr. ALBERT. That is true, but that isn't the point. The omnibus bill doesn't do you any good, but we could set up a gimmick here which would give you an advantage if we changed the law next year because you are getting additional acreage, but you should not be able to

participate in a payment program because it would be silly to give the area 8,000 acres and say they can cut back and get paid for it.

We took care of that with relation to new growers under the omnibus bill by an amendment. As I understand it your growers are not expecting payments on this acreage.

Mr. JOHNSON. Well, as far as the growers are concerned, everybody I have talked to, wants no payment consideration whatsoever. They merely want a right to grow their wheat. They can sell it. They are not interested in any price support or any payments.

Mr. BREEDING. I don't mind giving the right to grow wheat, in this case, but I don't think that they should have any advantage over some other wheatgrower in the program. If we are not careful here we are going to propose to pass a law giving them an opportunity to participate in the program and maybe to say that he now has 8,000 acres and he will reduce his acreage and draw a Federal payment.

Mr. ALBERT. The only thing that disturbs me is whether we should have special advantages to extend beyond the period that extends to the general producer who is taking a cut now. We are increasing here and cutting somewhere else.

Mr. HAGEN. Mr. Chairman, I am not a member of the subcommittee, but may I make a comment?

Mr. ALBERT. Surely.

Mr. HAGEN. Couldn't you have a provision that acres grown by a farmer over his allotted acres shall not be considered as his base or allotment for any future payment program or something like that? It is a matter of crop planning that necessitates a multiple-year extension.

These people are largely war veterans. This land was auctioned off by Uncle Sam under the equivalent of the homestead law to veterans, and they are all relatively small operators, and they probably need the 2-year period to plan that operation. There are very few crops they can grow there. They can grow potato seed and Durum wheat.

Mr. BELCHER. What section gives them a windfall here? What are we talking about?

Mr. DOLE. Line 17, page 2.

Mr. BELCHER (reading):

Any provision of law providing for a general reduction in farm acreage allotments, or for an acreage diversion program, for the 1962 crop of wheat shall not be construed to apply to farms for which acreage allotments are increased under the provisions hereof unless such provision * * *.

How does that change the picture?

Mr. ROONEY. Well, that just leaves the implication that they could participate and be paid if there is a 1963 program. That is all.

Mr. BELCHER. There is no provision that says they can.

Mr. ROONEY. No provision for 1963.

Mr. BELCHER. It just eliminates so far as 1962 is concerned, but it makes no provision at all for 1963, either for or against or anything else. Does it?

Mr. ALBERT. Well, it would mean this, that if you had an extension of the 1962 program they would participate in it, or could participate in it on the basis of acreage which was given to them over and above the national allotment. That is all it means as I see it.

I don't think it is too important because it isn't very much, but this committee has always taken into account these problems, and has never turned these people down.

Mr. JOHNSON. That is quite true, Mr. Chairman, because with the granting of the right to grow the 8,000 acres they didn't participate and didn't make history on it. They didn't participate in price support.

Now all they want is the right to plant more Durum wheat in the area to supply the market.

Now, as the gentleman stated, the other Durum wheat areas, the manufacturers out there use inferior grades of wheat to blend with this, what they can get out there, and not purchase Durum wheat from the other markets. That is what happens because prior to this Durum wheat in California they manufactured a lot of these products that were inferior, but they got by, and with the introduction of Durum wheat into the area they found a very ready market on the west coast, and they are not interested in any price support, as I have been told by them up there, nor any history nor other gratuities that might go with a wheat program.

Mr. ALBERT. Does the Department have a recommendation on this?

Mr. BELCHER. All you have to do is put 1962 or 1963 in there. "For the 1962 or 1963 crops." And that would eliminate them for anything on both crops.

Mr. ALBERT. That is right.

Mr. BELCHER. Say that either an increase or decrease shall not apply to the 1962 crop. Why couldn't you just add "or 1963" and that would eliminate them from any provisions of either one of them, and I don't think they want it. So why don't you just say "or 1963"?

Mr. ALBERT. What do you think of that?

Mr. JOHNSON. It is all right with me as far as I know. Our people are not here, but, as far as I know and what I have on record from them out there, I think it would be perfectly agreeable.

The gentleman there from the Department would know because they are back here quite often talking to the Department on this matter.

Wouldn't you say that they would be agreeable to this type of thing?

Mr. SATTERFIELD. We discussed this point Friday, and I was instructed to state that the Department would not oppose the extension to 1963. Of course, the reporting on both the Senate bill and the House bill, we said we would not oppose the legislation if it was amended to provide for a 1-year extension. But now it was amended in the Senate for 2 years, and my instructions were that the Department would not oppose the 2-year extension.

I think that the statement which has been made here is well taken, that, as a safeguard, it would be well to change that language.

Mr. JOHNSON. I think so.

Mr. SATTERFIELD. "Or 1963." You will be faced later, if you extend the present provisions of the omnibus bill, of writing in a special provision excluding this area from participation in the program.

Mr. ALBERT. What about that? If we added on line 20, after the word "1962" the words "and 1963."

Mr. ROONEY. "Or 1963."

Mr. ALBERT. We would just have to add the words "or 1963" after the word "1962." Is that right? Would there be any problems then in connection with that?

Mr. ROONEY. I don't think so.

Mr. ALBERT. It wouldn't give them something else or take away something else that we don't want to give or take away.

Mr. BELCHER. We would be taking the same thing away or giving them the same thing in 1963 as 1962.

Mr. ROONEY. They wouldn't get a reduction in 1963, nor could they get payment.

Mr. ALBERT. That is what we want to do, I think.

Any other questions?

Mr. JOHNSON. Mr. Chairman, the fastest procedure I presume would be to take the Senate bill and go right through with it.

Mr. ALBERT. Yes. Just amend the Senate bill, I think.

Mr. BREEDING. The wording is a little different in the Senate bill.

Mr. JOHNSON. The Senate bill has been all agreed to, and if we adopt the Senate bill—

Mr. ALBERT. I think that is what we will have to do just as a matter of expediting things.

Mr. JOHNSON. That is right.

Mr. ALBERT. If you don't mind.

Mr. JOHNSON. No. That is all right.

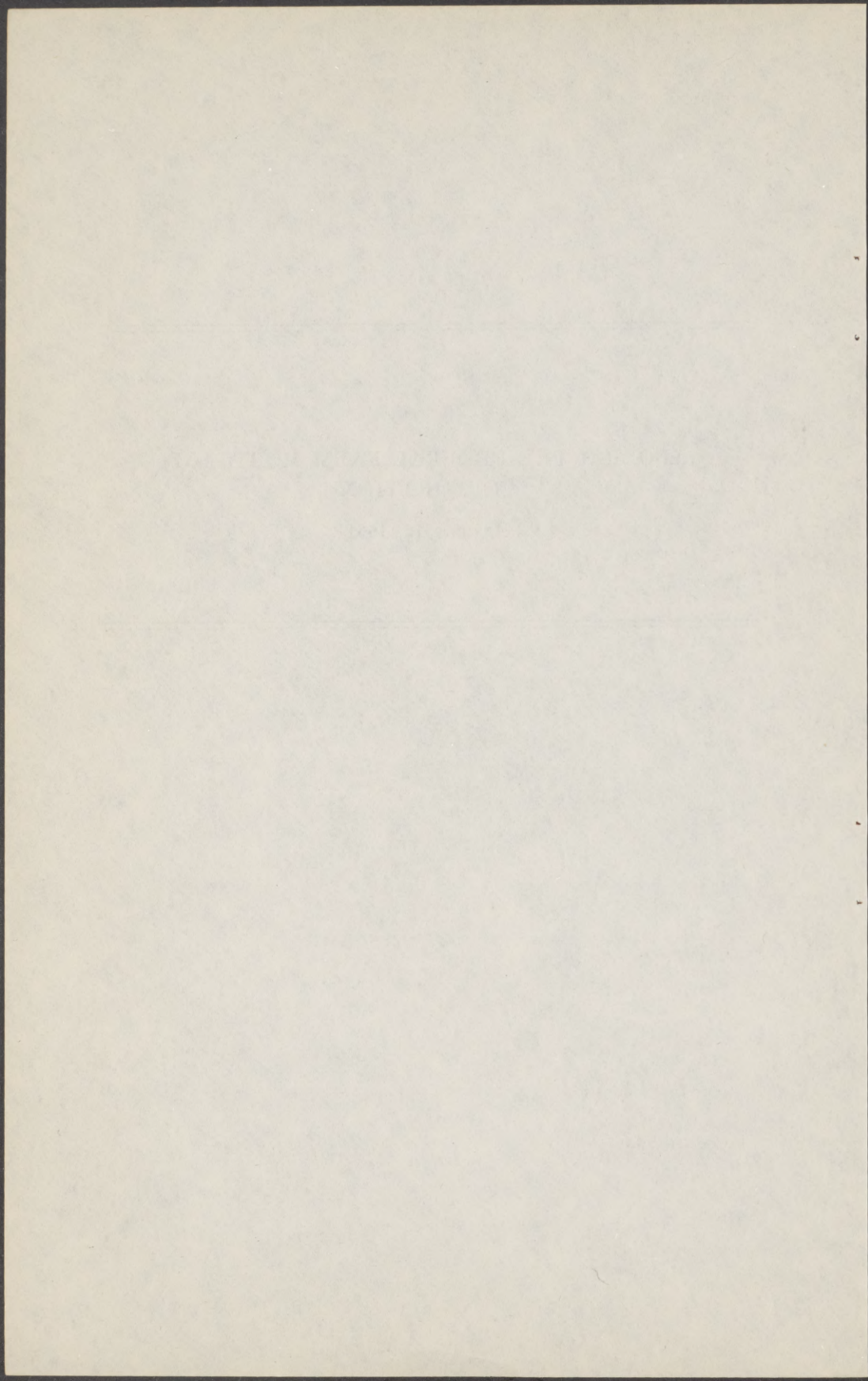
Mr. ALBERT. Well, let us go into executive session here now.

(Whereupon, at 10:30 a.m., the subcommittee moved into executive session.)

S. 1040

ABOLISH THE FEDERAL FARM MORTGAGE
CORPORATION

AUGUST 15, 1961



ABOLISH THE FEDERAL FARM MORTGAGE CORPORATION

TUESDAY, AUGUST 15, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Johnson of Wisconsin, Stubblefield, McIntire, and Dole.

Also present: Christine S. Gallaher, clerk; Hyde H. Murray, assistant clerk; and John Heimbarger, counsel.

Mr. POAGE. The subcommittee will come to order.

We have before us this morning S. 1040, a bill to abolish the Federal Farm Mortgage Corporation, together with the report from the Senate, which will be made a part of the record at this point.

(S. 1040 and the report of the Senate follow:)

[S. 1040, 87th Cong., 1st sess.]

AN ACT To abolish the Federal Farm Mortgage Corporation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Federal Farm Mortgage Corporation, established by the Act of January 31, 1934 (48 Stat. 344; 12 U.S.C. 1020), is hereby abolished; and, except as provided in subsection (d), all of the powers, duties, functions, and authority of such Corporation are hereby terminated.

(b) All right, title, and interest in or to real property other than reserved mineral interests which may appear of public record in any farm credit district to be in the Land Bank Commissioner or the Federal Farm Mortgage Corporation are hereby confirmed to be in the Federal land bank of said district, and said bank is hereby authorized in its own name or in the name of the Federal Farm Mortgage Corporation to execute any assignment, release, satisfaction, or other instrument as may be necessary or appropriate in connection therewith to perfect title of record in the true owners.

(c) All right, title, and interest to any reserved mineral interests of the Federal Farm Mortgage Corporation which have not been disposed of otherwise by the Federal Farm Mortgage Corporation are hereby confirmed to be in the United States of America to be administered by the Secretary of the Interior under the mineral laws of the United States.

(d) There are hereby transferred to the Secretary of the Treasury (1) all cash, accounts receivable, and other assets owned by the Federal Farm Mortgage Corporation, and (2) all authority of such corporation relating to the collection of notes receivable from the Federal land banks.

(e) Any cash received by the Secretary of the Treasury, and any moneys collected by him, by virtue of the transfer made under this section shall be deposited in the general fund of the Treasury as miscellaneous receipts.

SEC. 2. No suit, action, or other proceeding lawfully commenced by or against the Federal Farm Mortgage Corporation shall abate by reason of the enactment of this Act, but the court, on motion or supplemental petition filed at any time within twelve months after the date of such enactment, may allow the same to be maintained by or against the Secretary of the Treasury.

SEC. 3. (a) Sections 1, 2, 3, 4, 5, 6, 12, 17, and 18 of the Federal Farm Mortgage Corporation Act, as amended (12 U.S.C. 1020, 1020a-1020h, 992a, 723(f)), are hereby repealed.

(b) Sections 32 (except the fourteenth sentence thereof), 33, 34, and 35 of the Emergency Farm Mortgage Act of 1933, as amended (12 U.S.C. 1016-1019, except 1016(h), second sentence), are hereby repealed, and the fourteenth sentence of such section 32 (12 U.S.C. 1016(h), second sentence) is hereby amended by deleting therefrom the word "such".

(c) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended (12 U.S.C. 347), is amended by striking out "or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act,".

(d) The first sentence of section 14(b) of the Federal Reserve Act, as amended (12 U.S.C. 355), is amended by striking out "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding six months,".

(e) The fourteenth paragraph of section 7 of the Federal Farm Loan Act, as amended (12 U.S.C. 723(c)), is amended by striking out the fourth sentence thereof.

(f) The last paragraph of section 12 of the Federal Farm Loan Act, as amended (12 U.S.C. 722), is amended to read as follows:

"Amounts transmitted to Federal land bank associations by Federal land banks to be loaned to its members shall, at the option of the bank, be in current funds or, at the option of the borrower, in farm loan bonds."

(g) Paragraph Eighth of section 13 of the Federal Farm Loan Act, as amended (12 U.S.C. 781), is amended to read as follows:

"Eighth. To buy and sell United States Government obligations direct or fully guaranteed."

(h) Section 13 of the Federal Farm Loan Act, as amended (12 U.S.C. 781), is amended by striking out paragraphs Fifteenth, Sixteenth, and Twentieth thereof.

(i) Section 22 of the Federal Farm Loan Act, as amended (12 U.S.C. 897), is amended by (1) striking out clause (e) under the heading "In the case of a Federal land bank", and (2) striking out clause (e) under the heading "In the case of a joint-stock land bank".

(j) Section 62 of the Farm Credit Act of 1933, as amended (12 U.S.C. 1138b), is amended by striking out "the Federal Farm Mortgage Corporation,".

(k) The Act of June 4, 1936, as amended (49 Stat. 1461; 12 U.S.C. 773a), is amended by striking out "the Federal Farm Mortgage Corporation," and "the Land Bank Commissioner".

(l) Section 7(b) of the First Deficiency Appropriation Act, fiscal year 1936, approved June 22, 1936 (49 Stat. 1648; 15 U.S.C. 712a(b)), is amended by striking out item 4 thereof and by redesignating items 5 to 13, inclusive, as 4 to 12, respectively.

(m) The Act of September 6, 1950 (64 Stat. 769; 7 U.S.C. 1036), is amended by striking out section 4 thereof.

(n) Section 7(a) of the Farm Credit Act of 1953, as amended (12 U.S.C. 636f(a)), is amended by striking out the second and third sentences thereof.

(o) The second sentence of section 433 of title 18 of the United States Code is amended by striking out "the Federal Farm Mortgage Corporation Act,".

(p) The first paragraph of section 493 of title 18 of the United States Code is amended by striking out "Federal Farm Mortgage Corporation".

(q) Section 657 of title 18 of the United States Code is amended by striking out "Federal Farm Mortgage Corporation,".

(r) Section 658 of title 18 of the United States Code is amended by striking out "Federal Farm Mortgage Corporation,".

(s) Section 1006 of title 18 of the United States Code is amended by striking out "Federal Farm Mortgage Corporation,".

(t) Section 1014 of title 18 of the United States Code is amended by striking out "or the Federal Farm Mortgage Corporation,".

(u) Section 101 of the Government Corporation Control Act, as amended (31 U.S.C. 846), is amended by striking out "Federal Farm Mortgage Corporation;".

(v) The Department of Agriculture Organic Act of 1944, as amended (58 Stat. 741; 12 U.S.C. 1020a-1), is amended by striking out section 603 thereof.

(w) The last paragraph of section 32 of the Federal Farm Loan Act, as amended (12 U.S.C. 992, 993), is hereby repealed.

Passed the Senate June 12, 1961.

Attest:

FELTON M. JOHNSTON, *Secretary*.

Calendar No. 329

87TH CONGRESS }
1st Session

SENATE

{

REPORT
No. 358

ABOLITION OF FEDERAL FARM MORTGAGE CORPORATION

JUNE 8, 1961.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 1040]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1040) to abolish the Federal Farm Mortgage Corporation, and for other purposes, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill would abolish the Federal Farm Mortgage Corporation which has been in liquidation since 1947. Its remaining assets would be transferred to the Secretary of the Treasury.

The committee amendment, which is in the nature of a substitute, incorporates in the bill a number of technical amendments recommended by the Farm Credit Administration, designed to (1) aid in perfecting the record title to lands in which the Corporation has a record interest, (2) repeal obsolete provisions providing for Land Bank Commissioner loans, (3) prevent repeal of section 5 of the Federal Farm Mortgage Corporation Act from being construed as reviving bond issuance authority which section 5 terminated, and (4) make drafting corrections, such as those necessary to designate the provisions amended or repealed correctly.

The bill and the changes made by the committee amendment are fully described in the attached report from the Farm Credit Administration.

Enactment of the bill would not result in any additional Federal expenditure.

DEPARTMENTAL VIEWS

FARM CREDIT ADMINISTRATION,
Washington, D.C., March 29, 1961.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request of March 1, 1961, for a report on S. 1040, a bill to abolish the Federal Farm Mortgage Corporation, and for other purposes. The bill would abolish the Federal Farm Mortgage Corporation immediately (sec. 1(a)); transfer its remaining assets to the Secretary of the Treasury (sec. 1(b)); direct that the cash and moneys collected on such assets be deposited in the general fund of the Treasury as miscellaneous receipts (sec. 1(c)); permit suits commenced by or against the Corporation to be maintained by or against the Secretary of the Treasury (sec. 2); and repeal or amend certain laws which established or referred to the Corporation (sec. 3).

Our major suggestion is that the bill should include two sentences set out later in the report which are designed to aid in perfecting title of record in the true owners to any interest in or to real property which the county records may still show to be outstanding in the Corporation notwithstanding all interests of the Corporation in or to real property have been liquidated or transferred. One purpose is to confirm in the Federal land banks and the United States of America the title to the former interests of the Corporation in real property which were sold or transferred to them. Another purpose is to provide for reasonably convenient curative action to perfect record title for the benefit of others, after the Corporation is dissolved, in cases where some interest in real property appears of record to be outstanding in the Corporation because of error or failure to file a release, assignment, or deed.

From 1933, when the Land Bank Commissioner loans were first authorized, until 1947, when the authority to make such loans expired, some 680,000 Land Bank Commissioner loans in the total amount of \$1.2 billion were made to farmers on the security of their farm property. The terms of the loans varied from 10 to 30 or so years, and some have maturities extending into the 1970's. When the Federal Farm Mortgage Corporation was established in 1934, the outstanding Land Bank Commissioner loans were transferred to it and thereafter the loans were made in the name of the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation, and the mortgages securing the loans so recited. The mortgages were recorded in the various county record offices in the States and were satisfied of record as the loans were repaid. If a borrower defaulted on his loan and it became necessary to foreclose the mortgage, the Corporation acquired title to the mortgaged farm which it later deeded to a purchaser, usually reserving a portion of the mineral interests when it did so. Such transactions also were recorded in the county record or court offices. All of such lending and related activities in their respective districts were handled by the Federal land banks as agents for the Land Bank Commissioner and the Federal Farm Mortgage Corporation. Our experience with the liquidation of the joint stock

land banks foretells that there will be instances in the future, related to the Federal Farm Mortgage Corporation transactions, in which it will be convenient and desirable if defects in the record title can be cured by a corrective release, assignment, or quitclaim, without resorting to the more cumbersome and expensive procedure of an action to quiet title.

Except for the mineral interests involved in two pending court actions, the Corporation does not own any interest in or to real estate anywhere in the country, notwithstanding a county record may still show some such interest to be outstanding in the Corporation. As of June 30, 1955, all assets then held by the Corporation in each farm credit district as a result of the Land Bank Commissioner loans, except cash, accounts receivable, and reserved mineral interests, were sold to the Federal land bank of the district. This was done under authority of paragraph Twentieth of section 13 of the Federal Farm Loan Act (12 U.S.C. 781 Twentieth), as added by the act of June 1, 1955 (69 Stat. 81). It is our understanding that assignments have been placed of record as to most of the mortgages securing loans purchased by the land banks. Other such mortgages, though, may continue to appear of record as held by the Corporation. In the latter cases, the intention of the land bank was to wait until the loans were paid off according to their terms and then satisfy the mortgages of record in the name of the Corporation, which the banks are presently authorized to do as agents for the Corporation. With the Corporation about to be dissolved, however, assignments of such mortgages from the Corporation to the bank will need to be placed of record before the dissolution unless the proposed legislation should make it unnecessary.

As of or since September 6, 1957, all the remaining mineral interests of the Corporation which were reserved when acquired farms were sold, and which were not sold to the surface owners or others, were transferred to the United States of America to be administered by the Secretary of the Interior under the mineral laws of the United States, except for the mineral interests involved in two pending court actions. The transfer of the mineral interests was in accord with the act of September 6, 1950 (64 Stat. 769, 7 U.S.C. 1036), and all such transfers were recorded.

To clarify the record as much as practicable with respect to such bulk sales and transfers, we suggest that the bill should confirm record title in the Federal land banks to the Land Bank Commissioner loans and related assets purchased by such banks, and confirm record title in the United States of America to the reserved mineral interests. With that done, the curative authority, after dissolution of the Corporation, would be limited to any interest in real estate, other than reserved mineral interests, which appears of record to be in the Corporation. Because the Federal land banks acted as the agent of the Land Bank Commissioner and the Federal Farm Mortgage Corporation in their many transactions, and because the Federal land banks purchased all interests of the Corporation in real estate in their respective districts, except the reserved mineral interests, it seems to us logical and most convenient to the members of the public who will be affected to give such curative authority to the Federal land banks.

The suggestions thus far made for the bill could be adopted by including therein specific provisions substantially as follows:

As to property of record in the States (other than minerals)

"All right, title, and interest in or to real property other than reserved mineral interests which may appear of public record in any farm credit district to be in the Land Bank Commissioner or the Federal Farm Mortgage Corporation are hereby confirmed to be in the Federal land bank of said district, and said bank is hereby authorized in its own name or in the name of the Federal Farm Mortgage Corporation to execute any assignment, release, satisfaction, or other instrument as may be necessary or appropriate in connection therewith to perfect title of record in the true owners."

As to mineral interests

"All right, title, and interest to any reserved mineral interests of the Federal Farm Mortgage Corporation which have not been disposed of otherwise by the Federal Farm Mortgage Corporation are hereby confirmed to be in the United States of America to be administered by the Secretary of the Interior under the mineral laws of the United States."

The latter provision would include the mineral interests of the Corporation involved in the two court actions. Any reservations of fissionable materials made by the Federal Farm Mortgage Corporation pursuant to Executive Order 9701 (March 4, 1946), if not otherwise disposed of by the Corporation earlier, would seem to have been released by section 68(b) of the Atomic Energy Act of 1954, as amended by section 3 of Public Law 85-681, approved August 19, 1958 (42 U.S.C. 2098(b)). Both of the sentences suggested above could be inserted in section 1 of S. 1040 as indicated in the proposed amendment enclosed herewith.

The present assets of the Federal Farm Mortgage Corporation, which are to be transferred to the Secretary of the Treasury under the bill, consist of cash on hand, \$194,557.40, and the promissory notes of the Federal land banks, for \$2,191,156.94, given to the Corporation in payment for the loan and related assets of the Corporation which were purchased by the land banks. These notes do not bear interest and are payable on June 30 of each year, the last of them being payable in 1965. The cash on hand and the collections on the notes are to be deposited in the general fund of the Treasury as miscellaneous receipts. Already deposited with the Treasury Department in symbol accounts 17-681 and 19-676 is \$216,119.70, as of February 28, 1961, for the payment of matured principal and interest on bonds of the Corporation which have not been presented for payment, and it is assumed that the money in such symbol accounts would continue available for payment of the bonds as they are presented.

Our further suggestions relate to section 3 of the bill.

Section 3(a).—The Federal Farm Mortgage Corporation Act consisted of 18 sections, some of which established and specified the powers of the Corporation, and other sections which amended or affected the application of other laws. The preferred approach is considered to be, therefore, to select the sections of the Federal Farm Mortgage Corporation Act to be repealed and then decide on any changes which should now be made in the other statutes amended or affected by the

remaining sections of the Federal Farm Mortgage Corporation Act. On that basis, we would have section 3(a) read as follows:

"SEC. 3. (a) Sections 1, 2, 3, 4, 5, 6, 12, 17, and 18 of the Federal Farm Mortgage Corporation Act, as amended (12 U.S.C. 1020, 1020a-1020h, 992a, 723(f)), are hereby repealed."

Insofar as appropriate and necessary, the provisions of other laws amended or affected by the sections of the Federal Farm Mortgage Corporation Act which are not repealed would then be dealt with later in section 3 of the bill. Also, since section 5 of the Federal Farm Mortgage Corporation Act, which curtailed the authority of the Federal land banks to issue bonds guaranteed by the Government as to interest, is being repealed, the authority to issue such bonds so guaranteed, which now is obsolete, should also be repealed. This could be done with an additional provision in section 3 of the bill as follows:

"(w) The last paragraph of section 32 of the Federal Farm Loan Act, as amended (12 U.S.C. 992, 993), is hereby repealed."

Section 3(b).—With the abolition of the Federal Farm Mortgage Corporation, the now obsolete provisions under which the Land Bank Commissioner loans were made from 1933 to 1947 should be repealed in their entirety with the exception of one sentence. The bill as now drawn would repeal only two sentences and strike out references to the Federal Farm Mortgage Corporation in two other sentences of such provisions. The more complete repeal could be accomplished by amending section 3(b) to read as follows:

"(b) Sections 32 (except the fourteenth sentence thereof), 33, 34, and 35 of the Emergency Farm Loan Act of 1933, as amended (12 U.S.C. 1016-1019, except 1016(h), second sentence), are hereby repealed, and the fourteenth sentence of such section 32 (12 U.S.C. 1016(h), second sentence) is hereby amended by deleting therefrom the words 'such' and 'or hereafter'."

As to instruments heretofore executed by a Federal land bank on behalf of the Land Bank Commissioner or the Federal Farm Mortgage Corporation, many of which are now of record, the 14th sentence, as amended, would continue the presumption that they were duly authorized.

Section 3(f).—It is suggested that the reference be to the "last" instead of the "thirteenth" paragraph of section 12 of the Federal Farm Loan Act. Also, "Federal land bank associations" should be substituted for "farm loan associations".

Section 3(g).—This subsection might preferably begin "Paragraph Eighth" instead of "The eighth paragraph". Also, while the codifiers presumably will insert a heading for the amended provision, "Buying and selling obligations of the United States.—", the heading should be deleted from the bill since the basic law does not have such headings.

Section 3(h).—We would substitute "paragraphs Fifteenth, Sixteenth, and Twentieth thereof" for "the fifteenth, sixteenth, and twentieth paragraphs thereof".

Section 3(k).—It is suggested that "and 'the Land Bank Commissioner,' " be inserted immediately before the period, as any lending by the Land Bank Commissioner, no longer authorized since 1947, was on behalf of the Federal Farm Mortgage Corporation.

The proposed amendment enclosed herewith would take in all of the suggestions made in this report as to S. 1040.

Subject to the foregoing suggestions, and as directed by the Federal Farm Credit Board, the Farm Credit Administration favors enactment of S. 1040. The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Very truly yours,

R. B. TOOTELL, *Governor.*

PROPOSED AMENDMENT OF S. 1040

Page 1, line 6, change "(b)" to "(d)".

Page 1, between lines 7 and 8, insert the following:

(b) All right, title, and interest in or to real property other than reserved mineral interests which may appear of public record in any farm credit district to be in the Land Bank Commissioner or the Federal Farm Mortgage Corporation are hereby confirmed to be in the Federal land bank of said district, and said bank is hereby authorized in its own name or in the name of the Federal Farm Mortgage Corporation to execute any assignment, release, satisfaction, or other instrument as may be necessary or appropriate in connection therewith to perfect title of record in the true owners.

(c) All right, title, and interest to any reserved mineral interests of the Federal Farm Mortgage Corporation which have not been disposed of otherwise by the Federal Farm Mortgage Corporation are hereby confirmed to be in the United States of America to be administered by the Secretary of the Interior under the mineral laws of the United States.

Page 1, line 8, change "(b)" to "(d)".

Page 2, line 3, change "(c)" to "(e)".

Page 2, lines 14 through 16, substitute the following:

SEC. 3. (a) Sections 1, 2, 3, 4, 5, 6, 12, 17, and 18 of the Federal Farm Mortgage Corporation Act, as amended (12 U.S.C. 1020, 1020a-1020h, 992a, 723(f)), are hereby repealed.

Page 2, lines 17 through 24, substitute the following:

(b) Sections 32 (except the fourteenth sentence thereof), 33, 34, and 35 of the Emergency Farm Loan Act of 1933, as amended (12 U.S.C. 1016-1019, except 1016(h), second sentence), are hereby repealed, and the fourteenth sentence of such section 32 (12 U.S.C. 1016(h), second sentence) is hereby amended by deleting therefrom the words "such" and "or hereafter".¹

Page 3, line 13, substitute "last" for "thirteenth".

Page 3, line 16, substitute "Federal land bank associations" for "farm loan associations".

Page 3, line 20, substitute "Paragraph Eighth" for "The eighth paragraph".

Page 3, lines 23 and 24, strike out "Buying and selling obligations of the United States.—"

¹ The Farm Credit Administration subsequently informally advised that it would be technically more correct to leave "or hereafter" in sec. 32 and the committee amendment does not strike these words.

Page 4, lines 2 and 3, substitute "paragraphs Fifteenth, Sixteenth, and Twentieth thereof" for "the fifteenth, sixteenth, and twentieth paragraphs thereof".

Page 4, line 15, immediately preceding the period insert "and 'the Land Bank Commissioner,' "

Page 5, following line 24, add a subsection as follows:

(w) The last paragraph of section 32 of the Federal Farm Loan Act, as amended (12 U.S.C. 992, 993), is hereby repealed.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 27, 1961.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of February 24, 1961, for a report on S. 1040, a bill to abolish the Federal Farm Mortgage Corporation, and for other purposes.

The bill would abolish the Federal Farm Mortgage Corporation and terminate the powers, duties, functions, and authority of the Corporation. All cash, accounts receivable, and other assets owned by the Federal Farm Mortgage Corporation and all authority of the Corporation relating to the collection of notes receivable from the Federal land banks would be transferred to the Secretary of the Treasury. Numerous technical changes would be made in related legislation.

The Department has no direct interest in the bill because the Federal Farm Mortgage Corporation is under the jurisdiction of the Farm Credit Administration. For this reason, the Department is not commenting on the technical aspects of S. 1040, but we do concur with the general objectives of the bill.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

THE FEDERAL FARM LOAN ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be "The Federal Farm Loan Act."

*	*	*	*	*	*	*
SEC. 7.	*	*	*			
	*	*	*	*	*	*

Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of \$5 for each \$100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Land Bank Commissioner, and the proceeds thereof shall be paid to the borrower. [Any borrower's interest in such stock may be transferred or hypothecated, by him or by operation of law, to the Federal Farm Mortgage Corporation.]

* * * * *
SEC. 12. * * *

* * * * *
Amounts transmitted to Federal land bank associations by Federal land banks to be loaned to its members shall, at the option of the bank, be in current funds [or Federal Farm Mortgage Corporation bonds,] or, at the option of the borrower, in farm loan bonds.

* * * * *
SEC. 13. * * *

* * * * *
Eighth. To buy and sell United States Government obligations direct or fully guaranteed[]; and to purchase and acquire from the Federal Farm Mortgage Corporation notes and mortgages representing loans made by the Land Bank Commissioner pursuant to section 32 of the Emergency Farm Mortgage Act of 1933, as amended (title 12, U.S.C. 1016), upon farm property situated in the farm credit district in which said bank is located, and purchase-money mortgages and contracts for the sale of farms held by the Federal Farm Mortgage Corporation in connection with the sale of farm property situated in such district: *Provided*, That no such note and mortgage, purchase-money mortgage, or contract shall be purchased pursuant hereto unless (1) the unpaid balance of the indebtedness represented or secured thereby, together with any indebtedness to the Federal land bank secured by a prior mortgage on the property, does not exceed 65 per centum of the normal value of the farm as determined upon appraisal made pursuant to the Federal Farm Loan Act; (2) the borrower acquires such stock in a Federal land bank association, in addition to any available stock which he may already own, as may be necessary to constitute an amount equal to one share of stock for each \$100 of the unpaid balance of the indebtedness represented or secured by the note and mortgage, purchase-money mortgage, or contract being purchased and acquired, together with the indebtedness secured by any prior lien on the property in favor of the Federal land bank; (3) the Federal land bank association in which such stock is held elects the borrower to membership, if not already a member, and agrees to be liable for the indebtedness secured by the note and mortgage, purchase-money mortgage, or contract being purchased and acquired; and (4) the land bank takes such action, if any, as may be necessary to reduce the rate of interest on the indebtedness secured by the mortgage, purchase-money mortgage, or contract acquired

or purchased to the same rate of interest the bank is charging on first-mortgage loans which it is then making].

* * * * *

[Fifteenth. To exchange farm loan bonds for Federal Farm Mortgage Corporation bonds of equal face value.

[Sixteenth. To exchange Federal Farm Mortgage Corporation bonds for farm loan bonds of equal face value.]

* * * * *

[Twentieth. Without regard to any limitations or restrictions of this Act, to purchase all assets, except cash, accounts receivable, and reserved mineral interests, held by the Federal Farm Mortgage Corporation as a result of loans made on or before July 1, 1947, in the farm credit district in which said bank is situated and to assume the liabilities of said Corporation for future payment funds of borrowers and trust accounts applicable to said assets. The purchase price of notes and mortgages, purchase money mortgages, and real estate sales contracts shall be equal to the total of the unpaid balances on such items and accrued interest thereon at the date as of which purchase is made, less the total of the liabilities of the Corporation being assumed by the bank as herein provided. The purchase price of real estate, sheriffs' certificates, loans called for foreclosure, loans in suspense, judgments, and any other assets eligible for purchase under this paragraph but not specifically identified herein shall be equal to the fair market value of the assets as determined by agreement. The total consideration for the purchase shall be payable over a period of not more than ten years from the date as of which purchase is made, and upon such terms as shall be agreed upon through negotiation with the Board of Directors of the Corporation.]

* * * * *

SEC. 22. * * *

* * * * *

Amortization and other payments on the principal of first mortgages held by a farm loan registrar as collateral security for the issue of farm loan bonds shall constitute a trust fund in the hands of the Federal land bank or joint stock land bank receiving the same, and shall be applied or employed as follows:

In the case of a Federal land bank—

(a) To pay off farm loan bonds issued by or in behalf of said bank as they mature.

(b) To purchase at or below par Federal farm loan bonds.

(c) To loan on first mortgages on farm lands within the farm credit district, qualified under this chapter as collateral security for an issue of farm loan bonds.

(d) To purchase United States Government bonds.

[(e) To purchase Federal Farm Mortgage Corporation bonds.]

In the case of a joint stock land bank—

(a) To pay off farm loan bonds issued by said bank as they mature.

(b) To purchase at or below par farm loan bonds.

(c) To loan on first mortgages qualified under section sixteen of this Act.

(d) To purchase United States Government bonds.

[(e) To purchase Federal Farm Mortgage Corporation bonds.]

* * * * *
SEC. 32. * * *

* * * * *

Until such time as the Land Bank Commissioner determines that Federal farm loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 per centum per annum, but in no case more than two years after this paragraph takes effect, Federal land banks may issue farm loan bonds as authorized under this Act, for the purpose of making new loans, or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph "Second" of section 13 of this Act. The aggregate amount of the bonds issued under this paragraph shall not exceed \$2,000,000,000, and such bonds shall be issued in such denominations as the Land Bank Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 per centum per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that it shall appear to the Land Bank Commissioner that the issuing bank or banks will be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall, upon the request of the Commissioner, pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of one year from the date this paragraph takes effect, if in the opinion of the Land Bank Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm loan bonds; but no such bonds shall be issued after two years from the date this paragraph takes effect for the purpose of such refinancing. Any borrower who obtains a loan from a Federal land bank after the date this paragraph takes effect may, at any time after the expiration of five years from the date such loan was made, tender to such bank on any regular installment date, bonds issued under this paragraph in an amount not to exceed the unpaid principal of his loan, and the bonds so tendered shall be accepted by the bank at par in payment of any part of such unpaid principal.]

* * * * *



EMERGENCY FARM MORTGAGE ACT OF 1933

TITLE II—AGRICULTURAL CREDITS

* * * * *

SEC. 32. [The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Land Bank Commissioner the sum of \$200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 per centum of the normal value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of \$7,500, be made to any one farmer. For the purposes of this section, farm property may be valued at an amount representing a prudent investment, consistent with community standards and rentals, if (1) the person occupying the property is not entirely dependent upon farm income for his livelihood but receives a part of his income from other dependable sources, and (2) the farm income from the property, together with earnings from other dependable sources ordinarily available in the community to a person operating such property, would be sufficient to support his family, to pay operating expenses and fixed charges, and to discharge the interest and amortization payments on the loan. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate of 1 per centum per annum higher than the rate on loans through Federal land bank associations made at the same time by the Federal land bank in the farm credit district in which the security for the loan under this section is located: *Provided, however,* That loans guaranteed under title III of the Servicemen's Readjustment Act of 1944 may be made at such lower rate as may be necessary to qualify them for such guaranty and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than ten years or, in the case of a first or second mortgage secured wholly by real property within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act, as amended, from the date the first payment on principal is due: *Provided,* That when in the judgment of the Land Bank Commissioner conditions justify it, any mortgage made under this section may provide that during the first three years the loan is in effect payments of interest only may be required if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The instruments under which each loan under this section is made and security given therefor shall provide that if at any time it shall appear to the lender that the borrower may be able to obtain a Federal land bank loan on the mortgaged property, the borrower shall, on request of the lender, apply for a Federal land bank loan to pay off the loan under this section, and shall accept such loan as may be offered to him by the Federal land bank, if sufficient in amount

to pay the loan under this section and pay for any stock which it is necessary for him to purchase in obtaining the loan from the Federal land bank. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Land Bank Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans may be made under this section for any of the purposes for which Federal land banks are authorized by law to make loans, and for the following additional purpose, and none other: Refinancing, in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended, any indebtedness, secured or unsecured, of the farmer, or which is secured by a lien on all or any part of the farm property accepted as security for the loan. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, (1) the term "farmer" means any person who is at the time, or shortly to become, bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations or livestock raising, and includes a personal representative of a deceased farmer; (2) the term "person" includes an individual or a corporation engaged in the raising of livestock; and (3) the term "corporation" includes any incorporated association; but no such loan shall be made to a corporation (A) unless all the stock of the corporation is owned by individuals themselves personally actually engaged in the raising of livestock on the land to be mortgaged as security for the loan, except in a case where the Land Bank Commissioner permits the loan if at least 75 per centum in value and number of shares of the stock of the corporation is owned by the individuals personally actually so engaged, and (B) unless the owners of at least 75 per centum in value and number of shares of the stock of the corporation assume personal liability for the loan. No loan shall be made to any corporation which is a subsidiary of, or affiliated (either directly or through substantial identity of stock ownership) with, a corporation ineligible to procure a loan in the amount applied for. Until July 1, 1947, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation, and may make such loans in cash or in bonds of the corporation; or if acceptable to the borrower, in consolidated farm loan bonds; but no such loans shall be made by him after July 1, 1947, except for the purpose of refinancing loans previously made by him under this section. As much as may be necessary of the assets of the corporation, including the bonds (and proceeds thereof) issued under section 4 of the Federal Farm Mortgage Corporation Act, may be used for the purposes of this section. Any Federal land bank, when duly authorized by the Land Bank Commissioner and the Federal Farm Mortgage Corporation, shall have the power to execute any instrument relating to any mortgage taken to secure a loan made or to be made under this section, or relating to any property included in any such mortgage, or relating to any property acquired by the Land Bank Commissioner and/or the Federal Farm Mortgage Corporation. Any [such] instrument

heretofore or hereafter executed on behalf of the Land Bank Commissioner and/or the Federal Farm Mortgage Corporation by a Federal land bank, through its duly authorized officers, shall be conclusively presumed to have been duly authorized by the Land Bank Commissioner and the Federal Farm Mortgage Corporation.

[Notwithstanding the foregoing provisions of this section, the rate of interest on loans made under this section shall not exceed 4 per centum per annum for all interest payable on installment dates occurring on or after July 22, 1937, and prior to July 1, 1940, and shall not exceed $3\frac{1}{2}$ per centum per annum for all interest payable on installment dates occurring on or after July 1, 1940, and prior to July 1, 1944, and shall not exceed 4 per centum per annum for all interest payable on installment dates occurring on or after July 1, 1944, and prior to July 1, 1945. Notwithstanding the interest rate provided for in so-called purchase-money mortgages and real estate sales contracts taken by the Federal Farm Mortgage Corporation, the rate of interest payable on such mortgages and contracts shall not exceed 4 per centum per annum for all interest payable on installment dates occurring on and after July 1, 1942, and prior to July 1, 1944.

[REGULATIONS

[SEC. 33. The Land Bank Commissioner is authorized to make such rules and regulations, and to appoint, employ, and fix the compensation of such officers, employees, attorneys, and agents as may be necessary to carry out the purposes of this title and to make the relief contemplated by this title immediately available, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States: *Provided*, That no salary or compensation in excess of \$10,000 shall be paid to any person employed under the terms of the foregoing section.

[FACILITIES OF FEDERAL LAND BANKS AND FEDERAL LAND BANK ASSOCIATIONS MADE AVAILABLE

[SEC. 34. The Federal land banks and the Federal land bank associations are authorized, upon request of the Land Bank Commissioner, to make available to him their services and facilities to aid in administering the provisions of this title.

[PENALTIES

[SEC. 35. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under part 3 of this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than six months, or both.]

FARM CREDIT ACT OF 1933

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 1. This Act shall be known as the "Farm Credit Act of 1933."

* * * * *

SEC. 62. The Central Bank for Cooperatives, the Production Credit Associations, [the Federal Farm Mortgage Corporation,] and Banks for Cooperatives, organized under this Act, when designated for that purpose by the Secretary of the Treasury, shall act as fiscal agents of the United States Government and when acting as such shall perform such duties as shall be prescribed by the Secretary of the Treasury.

* * * * *

THE FEDERAL FARM MORTGAGE CORPORATION ACT

AN ACT To provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That there is hereby established a corporation to be known as the "Federal Farm Mortgage Corporation", hereinafter in this Act referred to as the "corporation." The principal office of the corporation shall be located in the District of Columbia and the management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, hereinafter in this Act referred to as the "Governor", and the Land Bank Commissioner. The directors shall receive no additional compensation for their services as directors of the corporation, but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia. The Governor shall be the chairman of the board of directors. The directors shall have power to adopt such bylaws, rules, regulations, and amendments thereto as they deem necessary for the conduct of the business of the corporation authorized under this Act. The directors shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees of the corporation as may be necessary to carry out the powers and duties conferred upon the corporation by this Act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure, and to prescribe the manner in which the obligations of the corporation shall be incurred and its expenses allowed and paid, but the rates of compensation of such agents, officers, and employees of the corporation shall not exceed the rates of compensation prescribed for comparable duties by the Classification Act of 1949, as amended.

[SEC. 2. The corporation shall have succession until dissolved by Act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers as may be necessary and incident to carrying out its powers and duties under this Act. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof, in carrying out the provisions of this Act.

[SEC. 3. The capital of the corporation shall be in the sum of \$200,000,000, which shall be subscribed by the Governor on behalf of the United States in such amounts and at such times as he deems necessary for the purposes of the corporation. For the purpose of such capital subscription, the funds and proceeds thereof made available to the Land Bank Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933 and the mortgages taken by the Commissioner and the credit instruments secured thereby are hereby transferred to the corporation. The Federal Farm Mortgage Corporation is authorized to repay to the Secretary of the Treasury on behalf of the United States from time to time such portions of the amounts subscribed to the capital stock of the Corporation as are found by the board of directors to be in excess of the capital necessary to enable the Corporation to carry out its functions as authorized by law. The proceeds of such repayments shall be held in the Treasury of the United States as a fund available for subscription, by the Governor on behalf of the United States with the approval of the Secretary of the Treasury, to the capital of the Corporation when, in the judgment of the directors of the Corporation, additional subscriptions to its capital are necessary.

[SEC. 4. (a) With the approval of the Secretary of the Treasury, the corporation is authorized to issue and have outstanding at any one time bonds in an aggregate amount not exceeding \$2,000,000,000. Such bonds shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is

authorized to purchase any bonds of the corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Loan Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporation shall be treated as public debt transactions of the United States. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a failure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The corporation shall have power to purchase such bonds in the open market at any time and at any price.

On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of any Federal land bank for consolidated farm loan bonds of equal face value issued under the Federal Farm Loan Act, as amended, and may exchange such consolidated farm loan bonds held by it for bonds of the corporation of equal face value.

[(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm loan bonds at such prices and upon such terms as may be approved by the board of directors of the corporation; to make loans to Federal land banks and joint stock land banks on the security of real estate mortgages, sheriff's certificates, sales contracts and real estate, upon such terms and conditions as shall be prescribed by the board of directors of the corporation: *Provided, however,* That loans outstanding to joint stock land banks under this subsection shall not at any one time exceed in the aggregate \$10,000,000; to make loans to Federal land banks on the security of consolidated farm loan bonds; and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

[When in the judgment of the directors conditions justify it, the corporation shall have power to extend, in whole or in part, any unpaid obligation under the terms of any mortgage, and to accept payment of any such obligation together with interest thereon, at a rate not exceeding 5 per centum per annum, during such period and in such amounts as may be agreed upon at the date of making such extension. The Corporation is authorized and empowered to sell and assign, without recourse and without warranty, its notes and mortgages representing loans made by the Land Bank Commissioner pursuant to section 32 of the Emergency Farm Mortgage Act of 1933, as amended (title 12 U.S.C. 1016), to the Federal land bank located in the farm credit district in which the mortgaged farm properties are situated and to sell and assign in like manner purchase money mortgages and contracts for the sale of farms held by the Federal Farm Mortgage Corporation in connection with the sale of farm property situated in such district.

[(c) In order to furnish bonds for delivery by the Federal Farm Mortgage Corporation, the Secretary of the Treasury is hereby authorized to prepare suitable bonds in such form, subject to the pro-

visions of this Act, as the board of directors may approve, such bonds when prepared to be held in the Treasury subject to delivery upon order of the corporation. The engraved plates, dies, bedpieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such bonds.

【SEC. 5. After ninety days after the enactment of this Act, no Federal land bank shall issue any bonds under the provisions of the last paragraph of section 32 of the Federal Farm Loan Act, as amended, subject to the guarantee of interest on such bonds by the United States except for the purpose of refinancing any bond which is or has been issued subject to such guarantee of interest.

【SEC. 6. Direct loans made under section 7 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 723), may, at the option of the Federal land bank, be made in bonds of the Federal Farm Mortgage Corporation.】

SEC. 7. The thirteenth paragraph of section 12 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 772), is amended to read as follows:

"Amounts transmitted to farm loan associations by Federal land banks to be loaned to its members shall, at the option of the bank, be in current funds or Federal Farm Mortgage Corporation bonds, or, at the option of the borrower, in farm loan bonds."

SEC. 8. (a) Section 13 of the Federal Farm Loan Act, as amended (U.S.C., Sup. VII, title 12, sec. 781), is amended by inserting at the end thereof the following new paragraphs:

"Fifteenth. To exchange farm loan bonds for Federal Farm Mortgage Corporation bonds of equal face value, and to purchase Federal Farm Mortgage Corporation bonds at or below par.

"Sixteenth. To exchange Federal Farm Mortgage Corporation bonds for farm loan bonds of equal face value."

(b) The seventh paragraph of section 22 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 897), is amended by adding the following after the first subparagraph (d) thereof:

"(e) To purchase Federal Farm Mortgage Corporation bonds."

SEC. 9. Section 32 of the Emergency Farm Mortgage Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1016) is amended by inserting at the end thereof the following: "Until February 1, 1936, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation, either in cash or in bonds of the corporation at his election, but no such loans shall be made by him after February 1, 1936, except for the purpose of refinancing loans previously made by him under this section. Not to exceed \$600,000,000 of the bonds and proceeds thereof issued under section 4 of the Federal Farm Mortgage Corporation Act are hereby made available for the purposes of this section, in addition to the amounts transferred to such corporation under section 3 of such Act."

SEC. 10. Section 32 of the Emergency Farm Mortgage Act of 1933 is amended by striking out "\$5,000" and inserting in lieu thereof "\$7,500."

SEC. 11. Section 62 of the Farm Credit Act of 1933 (relating to fiscal agents of the United States) (U.S.C., Sup. VII, title 12, sec. 1138b) is amended by inserting after "Associations," the following: "the Federal Farm Mortgage Corporation,".

[SEC. 12. (a) The corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.]

[(b) Mortgages executed to the Land Bank Commissioner and mortgages held by the Corporation, and the credit instruments secured thereby, and bonds issued by the Corporation under the provisions of this Act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes).]

SEC. 13. Section 64 of the Farm Credit Act of 1933 (relating to unlawful acts and penalties) (U.S.C., Sup. VII, title 12, sec. 1138d) is amended by inserting after "Farm Credit Administration" wherever such phrase appears a comma and the following: "any Federal intermediate credit bank, or the Federal Farm Mortgage Corporation,".

SEC. 14. Paragraph (2) of subsection (a) of section 5 of the Farm Credit Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1131i) is amended by striking out the period at the end thereof and inserting a comma and the following: "and the notes or other obligations evidencing such advances and loans and the security therefor are hereby transferred to the Governor of the Farm Credit Administration."

SEC. 15. (a) Section 5 of the Farm Credit Act of 1933 (U.S.C., Sup. VII, title 12, sec. 1131i) is amended by inserting at the end thereof the following new subsection:

"(e) The amount of all balances, collections, and appropriations allocated under subsection (a) to the revolving fund created thereunder, which is in excess of \$120,000,000, is hereby made available to the Governor of the Farm Credit Administration for the establishment of a revolving fund of not to exceed \$40,000,000. Out of such revolving fund, the Governor is authorized to allocate and, with the approval of the Secretary of the Treasury, to expend such amounts as he deems necessary for subscriptions to the capital stock and/or paid-in surplus of Federal Intermediate Credit Banks."

(b) The first sentence of section 205 of the Federal Farm Loan Act (U.S.C., Sup. VII, title 12, sec. 1061), as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "which amount may be increased from time to time with the approval of the Governor of the Farm Credit Administration."

(c) Section 205 of the Federal Farm Loan Act (U.S.C., title 12, sec. 1061), as amended, is further amended by adding at the end thereof the following: "With the approval of the Secretary of the Treasury, the Governor of the Farm Credit Administration is hereby authorized to subscribe from time to time to the capital stock and/or paid-in surplus of any Federal Intermediate Credit Bank on behalf of the United States, in such amounts as he may determine are necessary for the purpose of meeting the credit needs of eligible borrowers from the bank, and the amount of the capital stock and paid-

in surplus of such bank may be increased or decreased from time to time by the Governor, in accordance with such needs. Such stock shall be divided into shares of \$100 each and subscriptions to such paid-in surplus shall be made in multiples of \$100 out of the revolving fund created under subsection (e) of section 5 of the Farm Credit Act of 1933, as amended. The Governor on behalf of the United States shall make payment for stock and paid-in surplus of such bank and such payment shall be subject to call in whole or in part by the board of directors of the bank, with the approval of the Governor."

SEC. 16. (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon after the words "section 13(a) of this Act" a comma and the following: "or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353-358), is further amended by inserting after the words "bonds and notes of the United States" a comma and the following: "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding six months."

[SEC. 17. (a) If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

[(b) The right to alter, amend, or repeal this Act is hereby expressly reserved.

[SEC. 18. This Act may be cited as the "Federal Farm Mortgage Corporation Act".]

ACT OF JUNE 4, 1936

AN ACT To make lands in drainage, irrigation, and conservancy districts eligible for loans by the Federal land banks and other Federal agencies loaning on farm lands, notwithstanding the existence of prior liens of assessments made by such districts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Farm Credit Administration, [the Federal Farm Mortgage Corporation,] the Federal land banks, [the Land Bank Commissioner,] and any lending or financing agency established by or under the Farm Credit Act of 1933, as amended, or the Federal Farm Loan Act, as amended, are authorized to make loans or acquire mortgages on lands in any drainage, irrigation, or conservancy district, notwithstanding the existence of any prior lien or charge arising out of an assessment for special benefits made by such district, in any case where (1) such land is otherwise eligible for a loan, (2) such assessment is payable over a period of years, and (3) reasonable security exists for the repayment of the loan, taking into consideration all facts and values, including the term and size of the loan, the integrity of the applicant, and the increased earning capacity of the lands arising from the improvements or benefits in respect of which the assessment was made.

ACT OF SEPTEMBER 6, 1950

AN ACT To direct the Secretary of Agriculture to convey certain mineral interests, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

* * * * *

[SEC. 4. The Secretary is directed to authorize the Federal Farm Mortgage Corporation to sell and convey the mineral interests heretofore or hereafter acquired by it in conformity with the policy expressed in this Act with respect to the mineral interests described in section 1 hereof.]

* * * * *

FARM CREDIT ACT OF 1953

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE

SECTION 1. This Act may be cited as the "Farm Credit Act of 1953".

* * * * *

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. [The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit Administration and shall be administered therein under the general direction and supervision thereof.]

* * * * *

FEDERAL RESERVE ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

* * * * *

SEC. 13. * * *

* * * * *

Any Federal reserve bank may make advances for periods not exceeding fifteen days to its member banks on their promissory notes secured by the deposit or pledge of bonds, notes, certificates of indebtedness, or Treasury bills of the United States, or by the deposit or pledge of debentures or other such obligations of Federal intermediate credit banks which are eligible for purchase by Federal reserve

banks under section 13(a) of this Act; [or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act,] or by the deposit or pledge of bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and any Federal reserve bank may make advances for periods not exceeding ninety days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this Act. All such advances shall be made at rates to be established by such Federal reserve banks, such rates to be subject to the review and determination of the Board of Governors of the Federal Reserve System. If any member bank to which any such advance has been made shall, during the life or continuance of such advance, and despite an official warning of the reserve bank of the district or of the Board of Governors of the Federal Reserve System to the contrary, increase its outstanding loans secured by collateral in the form of stocks, bonds, debentures, or other such obligations, or loans made to members of any organized stock exchange, investment house, or dealer in securities, upon any obligation, note, or bill, secured or unsecured, for the purpose of purchasing and/or carrying stocks, bonds, or other investment securities (except obligations of the United States) such advance shall be deemed immediately due and payable, and such member bank shall be ineligible as a borrower at the reserve bank of the district under the provisions of this paragraph for such period as the Board of Governors of the Federal Reserve System shall determine: *Provided*, That no temporary carrying or clearance loans made solely for the purpose of facilitating the purchase or delivery of securities offered for public subscription shall be included in the loans referred to in this paragraph.

* * * * *

SEC. 14. * * *

Every Federal reserve bank shall have power:

* * * * *

(b) To buy and sell, at home or abroad, bonds and notes of the United States, [bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding six months,] bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding six months, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Board of Governors of the Federal Reserve System: *Provided*, That, notwithstanding any other provision of this Act, (1) until July 1, 1962, any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities either in the open market or directly from or to the United States; but all such

purchases and sales shall be made in accordance with the provisions of section 12A of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the twelve Federal Reserve banks shall not exceed \$5,000,000,000; and (2) after June 30, 1962, any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities but only in the open market. The Board of Governors of the Federal Reserve System shall include in their annual report to Congress detailed information with respect to direct purchases and sales from or to the United States under the provisions of the preceding proviso.

* * * * *

FIRST DEFICIENCY APPROPRIATION ACT, FISCAL YEAR 1936

AN ACT Making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes, namely:

* * * * *

TITLE IV—JUDGMENTS AND AUTHORIZED CLAIMS

* * * * *

SEC. 7. (a) Notwithstanding any other provision of law, none of the establishments or agencies named in subsection (b) of this section shall, after June 30, 1937, incur any obligations for administrative expenses, except pursuant to an annual appropriation specifically therefor, nor shall any such establishment or agency continue to function after said date unless established by or pursuant to law: *Provided*, That nothing contained in this section shall be construed to extend the period during which any such establishment or agency heretofore has been authorized by law to function.

- (b) 1. Federal Home Loan Bank Board;
- 2. Home Owners' Loan Corporation;
- 3. Federal Housing Administration;
- [4. Federal Farm Mortgage Corporation;]
- [5] 4. Federal Surplus Commodities Corporation;
- [6] 5. Export-Import Bank of Washington;
- [7] 6. Second Export-Import Bank of Washington, District of Columbia;
- [8] 7. Reconstruction Finance Corporation;
- [9] 8. Electric Home and Farm Authority;
- [10] 9. Commodity Credit Corporation;
- [11] 10. Federal Emergency Administration of Public Works;

- [12] 11. Federal Savings and Loan Insurance Corporation;
 [13] 12. Reconstruction Finance Mortgage Corporation.

* * * * *

GOVERNMENT CORPORATION CONTROL ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Government Corporation Control Act".

* * * * *

TITLE I—WHOLLY OWNED GOVERNMENT CORPORATIONS

* * * * *

SEC. 101. As used in this Act the term "wholly owned Government corporation" means the Commodity Credit Corporation; Regional Agricultural Credit Corporation; Farmers Home Corporation; Federal Crop Insurance Corporation; [Federal Farm Mortgage Corporation;] Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; Virgin Islands Corporation; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; Development Loan Fund; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U.S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or Public Housing Administration) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Federal Housing Administration; Saint Lawrence Seaway Development Corporation; Panama Canal Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated.

* * * * *

DEPARTMENT OF AGRICULTURE ORGANIC ACT OF 1944

[SEC. 603. All expenditures which under the accounting system prescribed for the Federal Farm Mortgage Corporation by the General Accounting Office are to be treated as capital investments, increasing the book value of acquired fixed property (real estate and chattel), shall be considered as nonadministrative expenses for the purposes of section 7 of the Act of June 22, 1936.]

TITLE 18 OF THE UNITED STATES CODE

CHAPTER 23.—CONTRACTS

* * * * *

§ 433. Sections 431 and 432 of this title shall not extend to any contract or agreement made or entered into, or accepted by any incorporated company for the general benefit of such corporation; nor to the purchase or sale of bills of exchange or other property where the same are ready for delivery and payment therefor is made at the time of making or entering into the contract or agreement. Nor shall the provisions of such sections apply to advances, loans, discounts, purchase or repurchase agreements, extensions, or renewals thereof, or acceptances, releases or substitutions of security therefor or other contracts or agreements made or entered into under the Reconstruction Finance Corporation Act, the Agricultural Adjustment Act, the Federal Farm Loan Act, the Emergency Farm Mortgage Act of 1933, [the Federal Farm Mortgage Corporation Act,] the Farm Credit Act of 1933, or the Home Owners Loan Act of 1933, the Farmers' Home Administration Act of 1946, the Bankhead-Jones Farm Tenant Act, or to crop insurance agreements or contracts or agreements of a kind which the Secretary of Agriculture may enter into with farmers.

Any exemption permitted by this section shall be made a matter of public record.

CHAPTER 25.—COUNTERFEITING AND FORGERY

* * * * *

§ 493. Whoever falsely makes, forges, counterfeits or alters any note, bond, debenture, coupon, obligation, instrument, or writing in imitation or purporting to be in imitation of, a note, bond, debenture, coupon, obligation, instrument or writing, issued by the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, Federal Housing Administration, [Federal Farm Mortgage Corporation] or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

Whoever passes, utters, or publishes, or attempts to pass, utter or publish any note, bond, debenture, coupon, obligation, instrument or document knowing the same to have been falsely made, forged, counterfeited or altered, contrary to the provisions of this section, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.



CHAPTER 31.—EMBEZZLEMENT AND THEFT

* * * * *

§ 657. Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, Federal Housing Administration, [Federal Farm Mortgage Corporation,] Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, or any small business investment company, and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles, abstracts, purloins or willfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise intrusted to its care, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the amount or value embezzled, abstracted, purloined or misapplied does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

§ 658. Whoever, with intent to defraud, knowingly conceals, removes, disposes of, or converts, to his own use or to that of another, any property mortgaged or pledged to, or held by, the Farm Credit Administration, any Federal intermediate credit bank, or the [Federal Farm Mortgage Corporation,] Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, any production credit association organized under sections 1131-1134m of Title 12, any regional agricultural credit corporation, or any bank for cooperatives, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the value of such property does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

* * * * *

CHAPTER 47.—FRAUD AND FALSE STATEMENTS

* * * * *

§ 1006. Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, Federal Housing Administration, [Federal Farm Mortgage Corporation,] Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending,

mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States, or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, or any small business investment company, with intent to defraud any such institution or any other company, body politic or corporate, or any individual, or to deceive any officer, auditor, examiner or agent of any such institution or of department or agency of the United States, makes any false entry in any book, report or statement of or to any such institution, or without being duly authorized, draws any order or bill of exchange, makes any acceptance, or issues, puts forth or assigns any note, debenture, bond or other obligation, or draft, bill of exchange, mortgage, judgment, or decree, or, with intent to defraud the United States or any agency thereof, or any corporation, institution, or association referred to in this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, institution, or association, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

* * * * *

§ 1014. Whoever knowingly makes any false statement or report, or willfully overvalues any land, property or security, for the purpose of influencing in any way the action of the Reconstruction Finance Corporation, Farm Credit Administration, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, any Federal intermediate credit bank, [or the Federal Farm Mortgage Corporation,] or any division officer, or employee thereof, or of any corporation organized under sections 1131-1134m of Title 12, or of any regional agricultural credit corporation established pursuant to law, or of the National Agricultural Credit Corporation, a Federal Home Loan Bank, the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, a Federal Savings and Loan Association, a Federal land bank, a joint stock land bank, a Federal land bank association, or of a Federal Reserve bank, or of a small business investment company, upon any application, advance, discount, purchase, purchase agreement, repurchase agreement, commitment, or loan, or any change or extension of any of the same, by renewal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, shall be fined not more than \$5,000 or imprisoned not more than two years, or both.

* * * * *

Mr. POAGE. Governor Tootell, we will be glad to hear from you now.

STATEMENT OF R. B. TOOTELL, GOVERNOR, FARM CREDIT ADMINISTRATION; ACCOMPANIED BY DON H. BUSHNELL, DIRECTOR, LAND BANK SERVICE; AND PAUL O. RITTER, GENERAL COUNSEL

Mr. TOOTELL. Mr. Chairman and members of the committee, I am glad to appear and give you our views on S. 1040, a bill to abolish the Federal Farm Mortgage Corporation and for other purposes. The Farm Credit Administration favors enactment of this bill as it passed the Senate on June 12, 1961. On the bill as originally introduced we made a report to the Senate Committee on Agriculture and Forestry which is printed in Senate Report No. 358 (87th Cong., 1st sess.). We then made certain detailed suggestions which were accepted and included in the bill as it passed the Senate.

The Federal Farm Mortgage Corporation was established by Congress in 1934. Its major purpose, aside from assisting in financing the Federal land banks, was to finance and hold the loans made to farmers by the Land Bank Commissioner. These loans were made in the name of the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation. Since July 1, 1947, when the authority to make such loans to farmers was permitted to expire, the Corporation has been in liquidation. An important step in the liquidation occurred when all assets then held by the Corporation in each farm credit district as a result of the Land Bank Commissioner loans, except cash, accounts receivable, and reserved mineral interests, were sold to the Federal land bank of the district as of June 30, 1955.

The liquidation was further expedited when all the remaining mineral interests of the Corporation (except one) which were reserved when acquired farms were sold and which were not sold to the surface owners or others, were transferred to the United States of America, to be administered by the Secretary of the Interior under the mineral laws of the United States. These mineral transfers were made as of or since September 6, 1957. If the one mineral interest still held by the Corporation is not formally transferred before abolition of the corporation, the transfer for administration by the Interior Department will be accomplished by section 1(c) of the bill. There are two mineral interests (the one not yet transferred and one only recently transferred) as to which a division order is to be entered to determine the amount of past income therefrom payable to the Corporation. These amounts are estimated at around \$5,500 and \$26,000.

As of July 31, 1961, the only other assets of the Corporation consisted of cash on hand, \$58,107.10, which is on deposit with the Treasurer of the United States in symbol account 4973, and the promissory notes of seven of the Federal land banks, for \$1,525,408.87, given to the Corporation in payment for the loan and related assets of the Corporation which were purchased by such land banks. This cash and the notes, as well as the past mineral income to be collected, would be transferred to the Secretary of the Treasury by section 1(d) of the bill. Then, as provided in section 1(e), the cash so received by the Secretary of the Treasury and any moneys collected by him on the notes or for past mineral income are to be deposited in the general fund

of the Treasury as miscellaneous receipts. There is also a sum of \$205,358.85 on deposit with the Treasury Department in symbol accounts 17-681 and 19-676 for the payment of matured principal and interest on bonds of the Corporation which have not been presented for payment and it is assumed that this money would continue available for payment of the bonds as they are presented.

I shall not now try to review the accomplishments of the Federal Farm Mortgage Corporation and for that purpose will simply refer to our circular E-46 (January 1959) on the operations and achievements of the Federal Farm Mortgage Corporation. In any event, the Corporation has now served its purpose and we agree that its abolition as proposed in S. 1040 is indicated.

Mr. POAGE. Governor Tootell, under this bill, the assets would be transferred to the Federal Government?

Mr. TOOTELL. That is, they would be transferred to the Treasury for liquidation, and the sums received would be paid into the general funds of the Treasury.

Mr. POAGE. That is what I meant.

Mr. TOOTELL. Yes, sir.

Mr. POAGE. Was there some act passing these mineral rights to the Department of the Interior?

Mr. TOOTELL. In 1950 that act was passed. September 1957 the remaining mineral interests were transferred to the Department of the Interior for administration.

Mr. POAGE. Was there some effort made to sell these mineral rights?

Mr. TOOTELL. There was a period of years between the act and the effective date of the transfer, when we made very real efforts, through the respective Federal land banks to sell these mineral interests to the holders of the surface rights. And many of them, well, in areas where there was no mineral activity were offered at a very nominal price—many of them for a dollar, the holders of the surface rights were not even interested in buying them and paying the record title costs, et cetera.

Mr. JOHNSON of Wisconsin. These have all been transferred—who would have the mineral rights?

Mr. TOOTELL. They have been transferred—they were transferred as of September 1957.

Mr. JOHNSON of Wisconsin. It occurs to me that under this legislation there will be many people involved, will they be out of a job or will they just be transferred?

Mr. TOOTELL. The only people involved in liquidating the Federal Farm Mortgage Corporation, and the only people who have been involved for a number of years in it have been people who are otherwise employed by the Farm Credit Administration and the Federal land banks.

Mr. JOHNSON of Wisconsin. What will become of them—will they stay with the Federal land banks—is there work for them to do?

Mr. TOOTELL. They are doing this as an incidental thing—incidental to their regular work.

Mr. JOHNSON of Wisconsin. As a lawyer, I know that it costs money to liquidate. I just thought that maybe there was some saving from this to the Department, but that will have to be finally determined whether there will or will not be.

Mr. TOOTELL. Well, the only assets that are left of the Corporation is some cash, and there are some notes which were given by seven Federal land banks when they purchased in bulk the remaining assets of the Corporation in their districts in 1955. And just automatically on June 30 of each year the land banks make payments on those notes.

Mr. JOHNSON of Wisconsin. Then there is nothing else to liquidate?

Mr. TOOTELL. There are two mineral interests that have been in litigation. The decision has been had with regard to them. And the work with regard to them, Mr. Ritter, is really over, is that right?

Mr. RITTER. There will be no more to do on those two items, except to receive the checks from the oil company which is paying the royalties.

Mr. JOHNSON of Wisconsin. I have no further questions. Thank you.

Mr. POAGE. Are there any further questions? If not, we are very much obliged to you gentlemen.

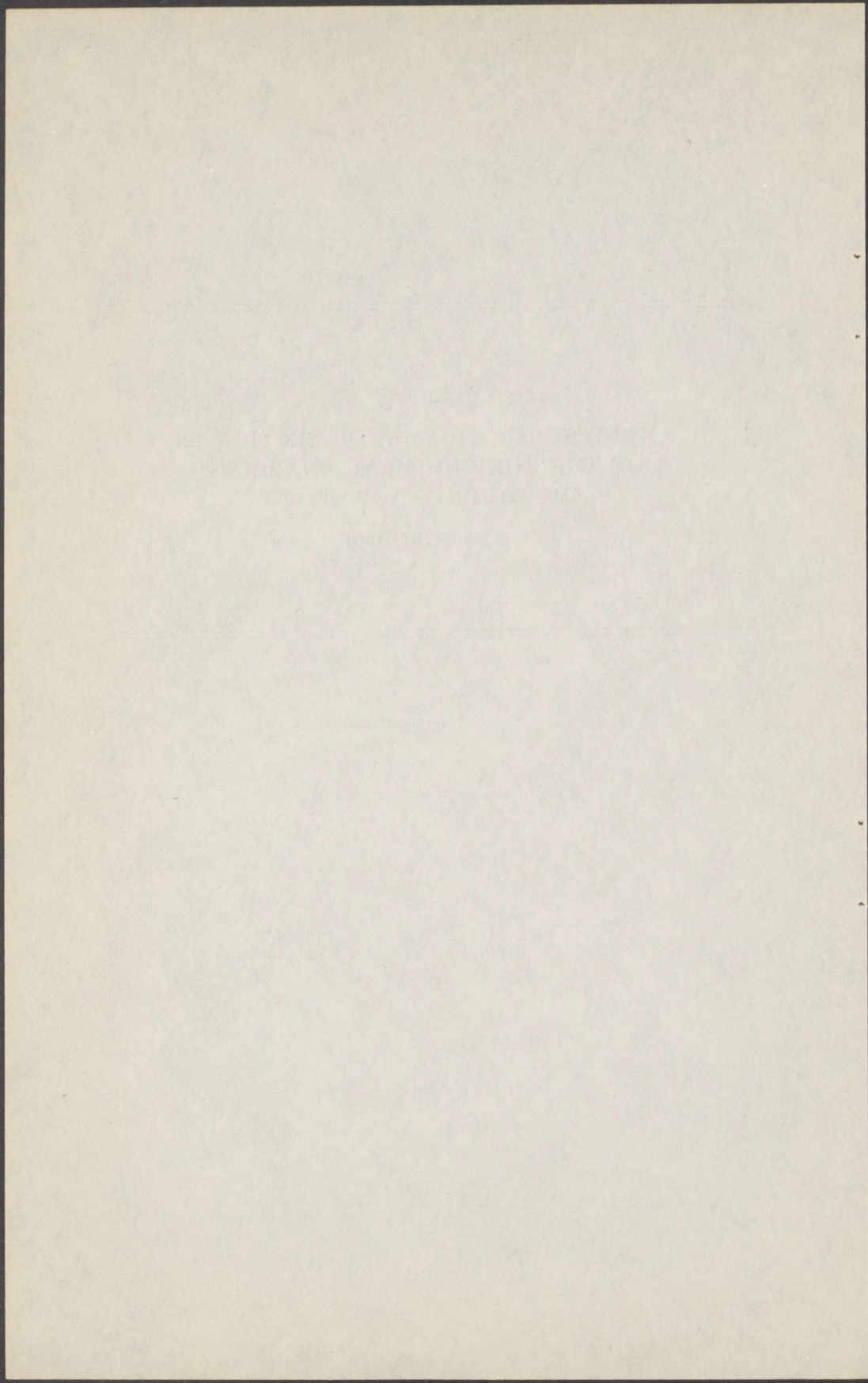
Mr. TOOTELL. Thank you.

Mr. POAGE. At this point the committee will proceed to the watershed projects.

(Whereupon, at 10:20 a.m. the committee proceeded into the subject of watershed projects.)

H.R. 8842
AMEND SUBSECTION (h) OF SECTION 124
OF THE AGRICULTURAL ENABLING
AMENDMENTS ACT OF 1961

AUGUST 31, 1961



AMEND SUBSECTION (h) OF SECTION 124 OF THE AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961

THURSDAY, AUGUST 31, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10:40 a.m., pursuant to notice, in room 1308, New House Office Building, Hon. Clark W. Thompson presiding.

Present: Representatives Thompson, Jones, Breeding, Harding, Belcher, Short, Dole, and Reifel.

Also present: Representative Hagen.

Mr. THOMPSON. The subcommittee will come to order.

We will take up H.R. 8842.

(The bill is as follows:)

[H.R. 8842, 87th Cong., 1st sess.]

A BILL To amend subsection (h) of section 124 of the Agricultural Enabling Amendments Act of 1961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 124 of the Agricultural Enabling Amendments Act of 1961 be amended by striking, following the word "subsection", "(a) or", and following the words "diverted acres" insert "of the 1962 allotment".

Mr. THOMPSON. Mr. Breeding?

Mr. BREEDING. Mr. Chairman, I would like Mr. Jim Dyess, who is here this morning, to explain the contents of this bill. It has to do with a mistake in the Agricultural Act as passed recently.

Will you tell them about it, Jim, Mr. Satterfield?

STATEMENT OF J. ALTON SATTERFIELD, DEPUTY DIRECTOR, GRAIN DIVISION, ASC, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HOWARD ROONEY, OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE; AND JAMES B. DYESS, EXECUTIVE VICE PRESIDENT, NATIONAL WHEATGROWERS ASSOCIATION

Mr. SATTERFIELD. Thank you.

Mr. DYESS. Mr. Satterfield can speak for the Department, probably.

Mr. THOMPSON. All right, Mr. Satterfield.

Mr. SATTERFIELD. I would like to preface my statement by commenting on what Congressman Breeding has said about a mistake in the existing law. I wouldn't say it was a mistake. One point was overlooked in drafting the legislation, and after further reflection of

what the legislation would actually do, we concluded that it created inequities in certain instances. I have a short statement I would like to make in connection with our conclusions.

There would be some inequity involved in the existing law in withdrawing wheat stored to avoid or postpone payment of penalty, particularly between producers who planted within their acreage allotment but did not fully participate in the diversion program, and producers who fully participated in the diversion program.

H.R. 8842 would avoid this inequity, and would leave the provisions for withdrawal about as they were under 1961 and prior programs. A producer whose actual yield was 5 bushels below the normal yield of 20 bushels per acre on a 100-acre allotment in 1961, could withdraw 500 bushels stored excess. Under existing law, this producer would harvest 90 acres in 1962, his new allotment, and if this actual yield was 5 bushels per acre below normal (or 450 bushels total), he could reduce his stored excess by only 250 bushels. Under H.R. 8842, this producer could reduce his stored excess by 450 bushels, the amount of his underproduction on his 1962 allotment.

Mr. BELCHER. I thought it was 250 bushels there.

Mr. SATTERFIELD. Under the law as it was recently amended, we have to compute production on the mandatory 10-percent reduction in acreage based on the normal yield and count it against the normal production for the farm which is based on the reduced allotment. At the time this legislation was being drafted it was our feeling that since the producer was being paid for this 10-percent mandatory reduction, we should take into account the normal production on such diverted acreage in calculating underproduction for the purpose of withdrawing stored excess.

Mr. BELCHER. Why take that into consideration at all, if he just plants 90 acres and he is complying, and he gets 5 bushels below normal on 90 acres, why pay any attention to the 10 acres?

Mr. SATTERFIELD. That is the point of this bill. We concur.

Mr. BELCHER. If that wasn't a mistake, it certainly was a mistake as far as it was represented to me, because I thought that was exactly what we wrote into the law.

Mr. SHORT. I did, too. There was language that I thought covered this exact situation.

Mr. SATTERFIELD. Apparently there was that feeling.

Mr. BELCHER. We discussed that thoroughly here in this room back in November.

Mr. SATTERFIELD. The point is that we shouldn't take into account the normal production on the acreage involved in the 10-percent mandatory reduction even though the producer has been paid for such reduction. This bill will correct this situation.

Mr. BREEDING. I have some remarks that I would like to put in the record at this point.

Mr. THOMPSON. You may proceed.

Mr. BELCHER. I would like to inquire what is the best way to do that.

Mr. SATTERFIELD. Suppose a producer had an allotment in 1961 of 100 acres. His allotment for 1962 would be 90 acres based on the mandatory 10-percent reduction. Assuming a normal yield for the farm of 20 bushels per acre, the normal production for the farm would

be 1,800 bushels. Suppose he reduced his plantings by only 10 percent and obtained an actual yield of only 15 bushels per acre, which resulted in a total production of 1,350 bushels. This would represent a difference between the normal production and actual production for the farm of 450 bushels.

Now the present law provides that the normal production of the acreage diverted under the 10-percent mandatory reduction be counted as actual production on the farm, even though it is not reflected in the normal production computed for the farm on the basis of the allotment.

Mr. BELCHER. Why get into the diversion at all? It isn't planted, it isn't a part of his allotment, why are we taking into consideration what he raised on that, because he didn't plant anything.

Mr. SATTERFIELD. That is correct. But I would like to tell you what the present law provides. As the law is written today, it would require you to deduct from the normal production of the farm the actual production plus the normal production of the acreage involved in the 10-percent mandatory reduction in arriving at the amount of wheat that could be withdrawn from the stored excess.

Mr. HARDING. Instead of 450?

Mr. SATTERFIELD. Instead of 450.

Mr. DOLE. I remember asking Mr. Bagwell that question as to excess wheat on that bill. I think his answer is fairly clear on page 1068 of his testimony, that there wasn't any change in that provision, in other words, the excess provision remains as it was, except for this slight difference.

Mr. SATTERFIELD. We have Mr. Rooney here from the General Counsel's office. I wasn't in on the drafting of the legislation. Maybe he can explain the reason for the language in the law.

Mr. ROONEY. The theory of the bill as drafted is that the money took the place of the wheat. The payment is based on the normal production or the average production of the 10 percent that you take out. When you get 45 percent of that, that, figuring from an economic standpoint, is the equivalent of growing that much wheat. So that was the theory of it.

Now, it is true that if this will deter anyone from going into the program maybe it ought to be changed, because the man who continually overplants year after year after year eventually over a period of years doesn't make any reduction at all. And if we could get him in the program and get him to plant within his allotment, maybe it is worth while. But as between the man who has complied over the years and the one who hasn't complied, I think the bill as originally drawn was all right.

Mr. BELCHER. The discussion was had—I don't remember whether you were here, I think John was here—the discussion was had right here in this room, and it was thoroughly discussed that we would permit withdrawal of the amounts or the difference between the normal production on the 90 percent, or whatever he took, and the crop that he actually raised. And that was the theory under which your department should have drawn the bill. And we have John right here. Now, if John has got some other idea we can't help it. But there wasn't any theory at all except that we consider the 90 percent and take the reduction on the 90 percent and permit that withdrawal, the 10 percent was not in the picture at all.

Mr. DOLE. How do they get this 250? I am still not clear on that.

Mr. SATTERFIELD. After deducting the actual production (1,350 bushels) from the normal production of the farm acreage allotment (1,800 bushels), we then deduct the normal production of the diverted acreage under the 10-percent mandatory reduction (200 bushels).

Mr. BELCHER. In other words, unless he reduced, they completely ignore the 90 acres and take it on the question of the 100 acres. And that was understood by everybody in this room with John Bagwell present, that was not the way they intended the bill.

Mr. DOLE. You consider those acres twice. First you cut off 50 and then 200.

Mr. SATTERFIELD. Under the present provisions of law, you do. I think Mr. Breeding's statement which he inserted in the Congressional Record at the time he introduced his bill, pretty well summarizes the problem.

Mr. DOLE. Why is it necessary to change the law?

Mr. SATTERFIELD. To correct an inequity that will exist between farms which may or may not fully participate in the diversion program.

Mr. DOLE. Don't you have the authority now, as Mr. Bagwell testified before the committee, so there wouldn't need to be any change? Isn't that testimony considered as part of the legislative intent of the Congress?

Mr. ROONEY. I don't know about that. But if you read the language now, I think even Floyd will agree that this is what it says. And we have always required—we do under the present program—that if you underplant you can't get all your reduction from underproduction, you have first got to count your underplanting. And this in effect gives the same tie-up. It is just a question of whether you consider that the payment takes the place of the wheat that he didn't raise or not.

Mr. DOLE. The only point I am making is, we don't want to penalize the farmer but we don't want to get legislation bogged down, or they are going to be caught in a trap, and if it can be done by administrative order, let's do it that way.

Mr. THOMPSON. Can't they do it by administrative order?

Mr. ROONEY. I don't think so.

Mr. BREEDING. There is a statement that I made on the House floor that says that this provision is equitable when applied to the volunteer 30-percent reduction authorized in the bill; it is not equitable, however, when applied to the first 10-percent reduction, because the allotment on which the normal production of a farm is based has already been reduced by this 10 percent.

Mr. BELCHER. I don't entirely follow you there. In other words, I am thinking out loud here, but why, if a man reduces an extra 30 percent and he only raises 60 acres of wheat, and he falls below what his normal crop is on that, why is it inequitable to permit him to withdraw that much?

Mr. ROONEY. Mr. Belcher, the underplanting itself can cause underproduction. You count the production on the whole farm.

Mr. BELCHER. Why do you do that, though? Why not count it on the whole county if you are going to do it that way? I think you should want to determine it on the acres that he plants and uses as his allotment; if he gets 60 acres he plants on 60, and if he gets hailed out

and doesn't raise any wheat at all, why is it inequitable to permit him to withdraw that much from what he has got stored? I am just thinking out loud. I don't see where the inequity is.

Mr. ROONEY. All we are saying is, in that type of case he would get the withdrawal. But here he is getting paid, he is getting money in place of wheat.

Mr. BELCHER. That is altogether true. We have also reduced his allotment down to 60 acres, and if he reduces that entirely, he had better not have been in the program at all, because if he had gone ahead and raised under the old program, he could have withdrawn from storage. We are changing the rules on withdrawing from storage.

Mr. ROONEY. We are not changing the rules. He doesn't have to come in the payment program at all. This gadget is simply a condition to get the payment. You will agree that in this desperate wheat situation under the circumstances they should not dump that excess wheat on the market and retain the payment.

Mr. SHORT. What do you mean he doesn't have to come into the payment program?

Mr. ROONEY. He doesn't, he doesn't have to come in on the 10 percent.

Mr. SHORT. Why doesn't he? He can't sell any wheat if he doesn't.

Mr. ROONEY. Certainly he can.

Mr. SHORT. Subject to paying the penalty—

Mr. ROONEY. Without any penalty.

Mr. SHORT. This is really interesting to me. How do I sell this wheat if I am not participating in the program?

Mr. ROONEY. Mr. Short, under this program you have got to separate the quota provisions from this payment program. I can sell my wheat without penalty if I just comply with my acreage allotment.

Mr. SHORT. That is the new acreage allotment with the 10-percent reduction.

Mr. ROONEY. That is right.

Mr. SHORT. That is what I am talking about. He has to participate in the program in order to be able to sell a bushel of wheat.

Mr. ROONEY. No, just to get price support.

Mr. BELCHER. In other words, what you are saying is, if he has a hundred-acre allotment, and he participates and, under the law he has got to reduce 50 or 90 acres. But supposing he plants 500 acres, and the whole thing is hailed out, can he sell what he would have raised under a hundred-acre allotment normally?

Mr. ROONEY. He can sell it from his stored excess to the extent of the normal yield on 90 acres.

Mr. BELCHER. That is what I mean, he can withdraw the normal yield on a hundred acres of wheat?

Mr. ROONEY. No. On 90 acres—wait—is his allotment 100 or 90? His 1962 allotment, what is that?

Mr. BELCHER. The allotment in 1960 was 100 acres.

Mr. ROONEY. 1960? Now it is 90?

Mr. BELCHER. We will say 1958 or 1957 or 1940, for that matter, if that was his allotment all the way through. Then if he had an allotment of 100, under the new law he is required to reduce 10 acres in order to participate in price support and to get paid for the production. But supposing he just ignores all of that and just plants 500 acres of

wheat, and he gets the whole works hauled out, and then can he withdraw the normal yield on the 100 acres of wheat to sell? How much can he withdraw under that law, under the present law?

Mr. SATTERFIELD. The normal yield on 90 acres.

Mr. ROONEY. The normal yield on 90 acres.

Mr. BELCHER. But if he participates in the program he can only withdraw 90, but if he plants 500 acres he can withdraw a hundred. Whoever wrote that law doesn't know what this committee has in mind.

Mr. SATTERFIELD. That is not exactly right.

Mr. BELCHER. Then just tell me what is right.

Mr. ROONEY. You must remember, Mr. Belcher, that if he plants the 500 he is faced with \$1.50 a bushel penalty under this law.

Mr. BELCHER. But he doesn't have a penalty if he doesn't produce any wheat.

Mr. ROONEY. But he hasn't produced any surplus or anything. But you want to permit him, now, to sell what he produced previously.

Mr. BELCHER. I want to withdraw some wheat from storage that I raised in prior years, and it is in storage, to keep from paying a penalty. What can I withdraw, 100 acres or 90 acres?

Mr. ROONEY. Ninety.

Mr. BELCHER. I can withdraw 90 from that?

Mr. ROONEY. Yes.

Mr. BELCHER. But under the new law as it was written here, you would have to deduct that normal yield on the extra 10 acres from what I would normally have raised on 90 acres?

Mr. ROONEY. Added to what you actually raised.

Mr. BELCHER. I didn't raise any.

Mr. ROONEY. Then you would add it.

Mr. BELCHER. I would get paid on the normal period. In other words, if I ignore the law I can sell 90 acres, if I comply with the law I can't.

Mr. ROONEY. But you don't get the payments.

Let's take two people that each grow 90 acres, and one of them complies, and the other one doesn't. He can sell his wheat. He is not going to get price supports, and he is not going to get a payment, but he is not going to pay any penalty. Now, get that straight. He is not paying any penalty.

Mr. BELCHER. When does the penalty attach?

Mr. ROONEY. When he exceeds the 90. He may make it 10 percent, and instead of putting it into wheat he may go into sorghum or feed grains. He has got his choice—or perhaps corn. You have got to recognize that anyway. And a lot of people in the soil bank are not going to have any acreage anyway, they just comply and take the payment.

Mr. BELCHER. In other words, the hundred acres can apply to anything as long as he doesn't get the payment?

Mr. ROONEY. Exactly.

Mr. SHORT. He can't plant it to wheat, then?

Mr. ROONEY. No, he can't plant it to wheat. But the man who doesn't plant it to wheat gets money, and this bill was drawn on the theory that money takes the place of wheat that would have been produced.

Mr. SHORT. I think I understand now.

Mr. ROONEY. That is what I am trying to say.

Mr. BREEDING. If I put a hundred acres in the soil bank, and I am drawing a soil bank payment, but I haven't lost my allotment, can I use my wheat allotment for another payment?

Mr. ROONEY. But you are going to get caught, you are going to have to reduce your 10 percent, not from your allotment, but from your permitted acres. And it may get you down so low that you may figure, "I would rather just raise the wheat and not take the payments."

Mr. THOMPSON. Does the proposed bill straighten out the trouble in the minds of all of you?

If not, if you want to go ahead and act on it, I see no reason why we shouldn't do it right now.

Mr. JONES. In other words, the Department is recommending this change?

Mr. SATTERFIELD. Yes; the Department is recommending the change.

Mr. THOMPSON. The change will straighten out the difficulties under the present law?

Mr. BELCHER. Let us understand exactly what this does. It gets the Department and us together.

Mr. JONES. In other words, you are saying that this amendment as proposed in this bill will make the law in conformity with what Mr. Bagwell said it was at the time we passed the bill?

Mr. SATTERFIELD. As I understand the statement, that is correct.

Mr. JONES. I see no objection on that basis. I move that we report the bill to the full committee with the recommendation that it be adopted.

Mr. THOMPSON. All those in favor say "aye."

(A chorus of "aye.")

Mr. THOMPSON. Those opposed, "no."

(No response.)

Mr. THOMPSON. Unanimously carried.

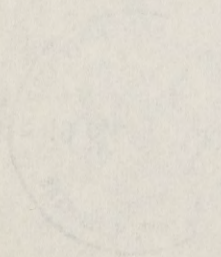
Is there any further business?

Mr. JONES. We will get together with Congressman Poage and the members of the Feeds Subcommittee and see if we cannot arrange a meeting on that bill.

Mr. THOMPSON. The meeting stands adjourned, subject to call.

(Whereupon, at 10:50 a. m., the subcommittee was adjourned, subject to the call of the Chair.)

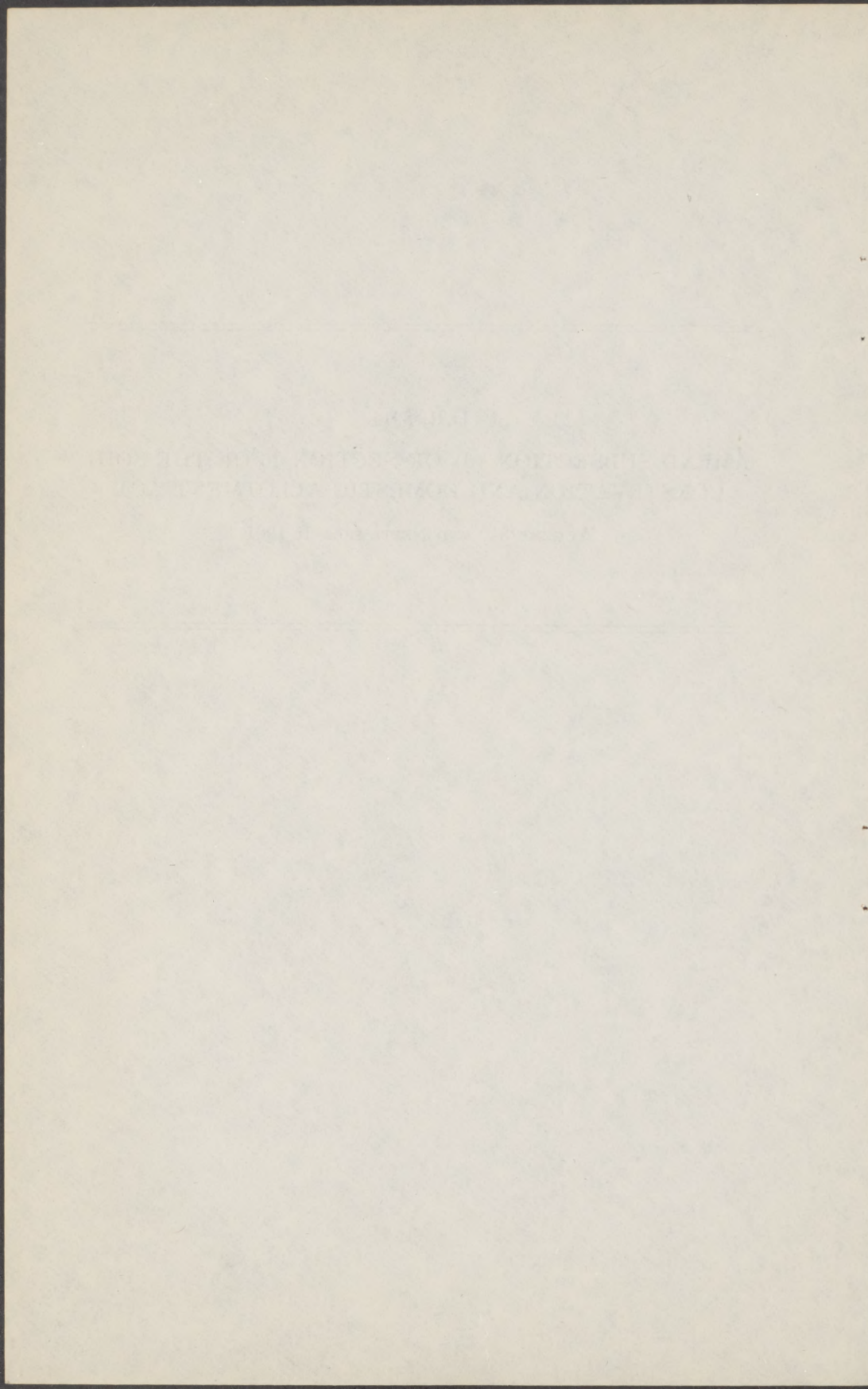




H.R. 8914

AMEND SUBSECTION (d) OF SECTION 16 OF THE SOIL
CONSERVATION AND DOMESTIC ALLOTMENT ACT

AUGUST 31, AND SEPTEMBER 1, 1961



AMEND SUBSECTION (d) OF SECTION 16 OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

THURSDAY, AUGUST 31, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1308, New House Office Building, Hon. Carl Albert (chairman of the subcommittee) presiding.

Present: Representatives Albert, Thompson, Breeding, Harding, Belcher, Short, Dole, Jones, and Reifel.

Also present: Representative Hagen of California.

Mr. ALBERT. The committee will come to order.

The subcommittee will first consider H.R. 8914.
(H.R. 8914 follows:)

[H.R. 8914, 87th Cong., 1st sess.]

A BILL To amend subsection (d) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (d) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended, is further amended by adding the following at the end of paragraph (1): "Notwithstanding any other provision of law, a producer on a farm where summer fallow is normal practice, shall be deemed to have participated in the feed grain program for corn, grain sorghum, and barley, if the sum of the acreages of corn, grain sorghum, and barley, excluding malting barley, on the farm in 1962 does not exceed 80 per centum of the average acreage devoted on the farm to these three crops, excluding malting barley, in the crop years 1959 and 1960."

Mr. ALBERT. Does this amend the wheat section, or does it amend the feed grain section?

Mr. BREEDING. Actually it is both. It actually fits in both categories, because it has to do with the 10 percent taken out of wheat production, and also has to do with making barley acreage interchangeable with feed grain acreage, which it isn't today—under the new law it isn't interchangeable, you plant your barley on the average of the 1959-60 acreage. In other words, you have got to have an acreage established for barley before you can plant it. This would permit you to plant this acreage, this 10 percent, in barley, and let it become a part of the feed grain acreage.

If I wanted to plant 100 acres of barley this fall on land that was taken out of wheat production under this 10-percent reduction, then next spring I would deduct that 100 acres from my feed grain acreage.

In other words, it would be interchangeable with corn and other

feed grain crops. It doesn't cost anything, but permits the farmer to plant barley this fall to get something on the summer fallow acreage.

And I have a letter from the Department from Under Secretary Murphy dated yesterday in answer to a wire which I sent to the Secretary of Agriculture in regard to this matter, and I would like to read this and let it become a part of the record.

Mr. ALBERT. Without objection, it may become a part of the record. (The letter referred to follows:)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, August 30, 1961.

HON. J. FLOYD BREEDING,
House of Representatives.

DEAR MR. BREEDING: This is in further reply to your telegram of August 16, 1961, in which you requested that feed grain farmers be allowed to substitute barley for corn and grain sorghums under the 1962 feed grain program.

A 1962 barley program has been established separate and distinct from the corn and grain sorghum program. The primary reason for doing so is, as you have pointed out, to simplify the administration of the law. Other reasons for doing so are (1) the normal growing period for barley is not the same as for corn and grain sorghums, (2) the productivity of a farm in many cases varies considerably for barley as compared to corn and grain sorghums, and (3) the areas and soil types suitable for the production of barley are in many cases unlike those suitable for the production of corn and grain sorghums.

We do not believe that existing law permits substitution of crops in the manner which you suggest would be desirable. It is permissible, of course, to fall-plant barley or any other small grain crop for erosion control on land intended for grain sorghum or corn for harvest in 1962. However, any such barley plantings must be clipped, plowed under for green manure or otherwise not left in a harvestable condition past the specified date in 1962. We hope producers on land exposed to such damage will be able to establish effective cover in advance.

The Department of Agriculture expects to appear before the House Committee on Agriculture on August 31 to state an informal position on H.R. 8914, which would permit substitution of one feed grain for another in the manner you suggest.

We appreciate your interest in the feed grain program and are pleased to be of service at any time.

Sincerely yours,

CHARLES S. MURPHY, *Under Secretary.*

Mr. ALBERT. Does that explain the whole thing and the reasons for it and the need for it, and does Mr. Murphy recommend it?

Mr. BREEDING. They take a very formal position. I will read it:

DEAR MR. BREEDING: This is in further reply to your telegram of August 16, 1961, in which you requested that feed grain farmers be allowed to substitute barley for corn and grain sorghums under the 1962 feed grain program.

A 1962 barley program has been established separate and distinct from the corn and grain sorghum program. The primary reason for doing so is, as you have pointed out, to simplify the administration of the law. Other reasons for doing so are (1) the normal growing period for barley is not the same as for corn and grain sorghums, (2) the productivity of a farm in many cases varies considerably for barley as compared to corn and grain sorghums, and (3) the areas and soil types suitable for the production of barley are in many cases unlike those suitable for the production of corn and grain sorghums.

We do not believe that existing law permits substitution of crops in the manner which you suggest would be desirable. It is permissible, of course, to fall-plant barley or any other small grain crop for erosion control on land intended for grain sorghum or corn for harvest in 1962. However, any such barley plantings must be clipped, plowed under for green manure or otherwise not left in a harvestable condition past the specified date in 1962. We hope producers on land exposed to such damage will be able to establish effective cover in advance.

The Department of Agriculture expects to appear before the House Committee on Agriculture on August 31 to state an informal position on H.R. 8914, which would permit substitution of one feed grain for another in the manner you suggest.

We appreciate your interest in the feed grain program and are pleased to be of service at any time.

Sincerely yours,

CHARLES S. MURPHY, *Under Secretary.*

STATEMENT OF J. ALTON SATTERFIELD, DEPUTY DIRECTOR, GRAIN DIVISION, ASCS, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HOWARD ROONEY, OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE; AND JAMES B. DYESS, EXECUTIVE VICE PRESIDENT, NATIONAL WHEAT GROWERS ASSOCIATION

Mr. ALBERT. Do you have anything to say about this on behalf of the Department?

Mr. SATTERFIELD. Yes, I do.

Mr. ALBERT. Does it belong before this subcommittee or the Feed Grain Subcommittee?

Mr. SATTERFIELD. It probably belongs before the Feed Grain Subcommittee. I am not sure, however, because it does not involve wheat.

Mr. ALBERT. I think it should be considered by both subcommittees.

Mr. BREEDING. It is linked up with both.

Mr. ALBERT. Off the record.

(Discussion off the record.)

Mr. ALBERT. Let's let the Department explain the bill.

Mr. SATTERFIELD. I have some notes here which I would like to use in stating the Department's position.

The Department of Agriculture favors the principle involved in H.R. 8914, permitting producers to plant any feed grain adapted to their region even though their feed grain acreage history is in another grain. Producers want and need this kind of flexibility. In areas where summer fallow is a normal practice in wheat production, wind erosion would be a problem in the coming winter on land diverted from wheat after the seedbed had been prepared.

H.R. 8914 would permit barley to be planted on such land even though the farm had no barley acreage history, and would charge the barley acreage against the grain sorghum or corn base. It would also permit producers to change their cropping pattern completely from the base years. Barley could be planted on 80 percent of a grain sorghum base, or sorghum on 80 percent of a barley base; yet all grain produced would be eligible for price support.

This would be very satisfactory if yields of alternative crops were equal in all areas, but they are not. In some counties of the Great Plains, barley yields substantially more than sorghum, yet some sorghum is produced. In other areas, the reverse is true. H.R. 8914 would make it possible to reduce acreage by 20 percent or more, change to a higher yielding crop, and produce as much as before.

The Department would recommend tentatively, subject to study of the effects on output, that producers in areas where yields of alternative feed grains are about equal, that producers be permitted to make all this acreage diversion in one feed grain, but that the acreage

of any feed grain not be permitted to exceed the average of the base years in order to qualify for price support.

Producers who plant a fall-seeded crop (like barley) for harvest should not be permitted to use a spring-seeded crop on the same acreage in the event of failure or poor prospects for the fall-seeded crop. To permit such double seeding could increase grain production substantially.

Mr. ALBERT. Let's see if I understand this. This is in the summer fallow area?

Mr. SATTERFIELD. Yes.

Mr. ALBERT. It relates to producers who produce a feed grain other than barley or wheat; is that right? And this bill would relate to a farmer who produces wheat and some other feed grain except barley?

Mr. BREEDING. No, he produces barley, too, this fellow does.

Mr. SATTERFIELD. He produces barley, too.

Mr. BREEDING. You said except barley. He produces barley too.

Mr. ALBERT. If he produces barley he hasn't got any problem.

Mr. BREEDING. Yes, he does have, because he doesn't have any base acreage for 1959-60. This is a barley-producing country as well as a wheat-producing country.

Mr. ALBERT. We think of a barley producer only in terms of those who have the base acreage.

Are you talking about somebody that has no right to participate in the barley program, because he hasn't the—

Mr. BREEDING. My country out there produces a lot of barley, but they may not have produced anything in 1959 and 1960 mostly because wheat crops were good both years and barley is one of the very few crops which can be used now this fall to hold this land from blowing. And we wouldn't be caught in this kind of predicament had we known about the farm program in April. Then we would have summer fallowed only enough for wheat this fall.

Now we are caught with 100 percent of our acreage for wheat summer fallowed, and we are going to reduce it 10 percent. What are we going to do with this 10 percent?

Mr. ALBERT. You can plant wheat and plow it up.

Mr. BREEDING. Yes, we can plant it in wheat and plow it up, or in rye. But if it isn't asking too much, we would prefer to plant this in barley and reduce our feed grain acreage next year by the same amount.

Mr. ALBERT. That is what I would say. It has to be somebody that is going to plant feed grain as a spring crop.

Mr. BREEDING. That is right.

Mr. ALBERT. That is what I was trying to get at, you have got to be somebody that is going to plant another type of nonfall seed grain.

Mr. BREEDING. He must have feed grain acreage to reduce it from.

Mr. ALBERT. That is what he would have to have, he would have to have some feed grain he could offset it against.

Mr. SATTERFIELD. That is correct.

Mr. ALBERT. Spring feed grain.

Mr. BREEDING. Mr. Dole and I both have this problem in our areas. There are a lot of other areas in the United States involved.

They can't pasture it, there is no provision where they can pasture this wheat or barley on the land reduced from wheat. But they would

like to plant it, and harvest a crop from it next year as well as hold the land from blowing.

Mr. ALBERT. Can the Department give them the privilege of pasturage and then plowing up?

Mr. DOLE. Mr. Chairman, I have had a letter this morning—

Mr. ALBERT. They tell me they don't have that privilege?

Mr. SATTERFIELD. Not on the diverted acreage.

Mr. ALBERT. I mean on the diverted acreage, could you do that?

Mr. SATTERFIELD. No.

Mr. ALBERT. Not under the law.

I have got to leave. Will you take over?

Mr. THOMPSON (presiding). Go ahead, Mr. Dole.

Mr. DOLE. I was going to answer Mr. Albert's question. I have a letter this morning from the Department which says:

We do not believe that existing law permits substitution of crops in the manner which you suggest would be desirable. It is permissible, of course, to fall-plant barley or any other small grain crop for erosion control on land intended for grain sorghum or corn for harvest in 1962. However, any such barley plantings must be clipped, plowed under for green manure or otherwise not left in a harvestable condition until past the specified date in 1962.

And I would like at this time, if there is no objection, to make the letter received from the Department and of my request to them of August 17 for administrative authority to do this a part of the record.

Mr. BREEDING. I think I have just read the same letter, and it has become a part of the record.

Mr. THOMPSON. Without objection, the substance of the letter will be included at one place or another, and the letter making the request.

Mr. BREEDING. This was a letter which came to me in answer to the wire.

(The letter to the Department of Agriculture referred to follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 17, 1961.

HON. ORVILLE FREEMAN,
Secretary of Agriculture, Washington, D.C.

DEAR SECRETARY FREEMAN: I respectfully request urgent consideration of a proposal to allow participating feed grain farmers, in wheat producing areas, to substitute winter barley for grain sorghum and corn in the special agricultural conservation program for 1962. Unless some provision is made in administering the 1962 wheat and feed grain programs, farmers in western Kansas will be faced with serious wind erosion resulting in substantial economic loss.

The Department has established a barley program separate and distinct from the corn and grain sorghum program and I recognize this decision was made because of different normal growing periods for winter barley, corn, and grain sorghum, and the separate problem of malting barley. It is also understandable how a separate barley program could simplify the administration of the law, however, the special circumstances involved in producing wheat and feed grains in western Kansas, and similar areas, justifies a combination, to some degree, of the barley and corn and grain sorghum programs.

In my opinion the Department does have the statutory authority to do so under Public Law 87-128. The basic purposes of this law are: (1) improve farm income, (2) adjust feed grain production, thus saving on Government costs and (3) establish sound soil conserving measures. If large areas of the Western Plains are allowed to lie idle and erode, farm income will ultimately suffer. If barley and grain sorghum acreage reduction were more interchangeable a further reduction in the production of grain sorghum would be accomplished. There is now a greater surplus in grain sorghum and barley. (May 31, 1961, CCC figures show 398,873,242 hundredweight of sorghum in the inventory of CCC and 13,613,151 hundredweight under loan for a total Government commit-

ment of \$1,051,946,201, whereas there were only 53,693,536 bushels of barley in the CCC inventory and 42,173,992 bushels under loan for a total Government commitment of \$96,686,817.)

Your particular attention is called to the following statutory provisions:

(1) In subtitle (B), wheat—sections 124 (g) and (i) provide:

"(g) The program formulated pursuant to this section may include such terms and conditions, in addition to those specifically provided for herein, as the Secretary determines are desirable to effectuate the purposes of this section. * * *

"(i) The Secretary is authorized to promulgate such regulations as may be necessary to carry out the provisions of this section. * * *

(2) In subtitle C, feed grains—the new section 105(c) (4) of the Agricultural Act of 1949, as amended, provides:

"(4) The Secretary shall require as a condition of eligibility for price support on the 1962 crop of corn and grain sorghums that the producer shall participate in the special agricultural conservation program for 1962 for corn and grain sorghums *to the extent prescribed by the Secretary* and (except in the case of a producer of malting barley as hereinafter described) shall not knowingly devote an acreage on the farm to barley in excess of the average acreage devoted on the farm to barley in 1959 and 1960. The Secretary shall require as a condition of eligibility for price support on the 1962 crop of barley that the producer shall participate in the special agricultural conservation program for 1962 for barley *to the extent prescribed by the Secretary* and shall not knowingly devote an acreage on the farm to corn and grain sorghums in excess of the average acreage devoted on the farm to corn and grain sorghums in 1959 and 1960: * * *

(Italic added.)

(3) New section 16(d) (1) of the Soil Conservation and Domestic Allotment Act, as amended, provides:

"(d) Notwithstanding any other provision of law—

"(1) The Secretary shall formulate and carry out a special *agricultural conservation* program for 1962, without regard to provisions which would be applicable to the regular agricultural conservation program, under which, *subject to such terms and conditions as the Secretary determines*, conservation payments in amounts determined by the Secretary, to be fair and reasonable shall be made to producers who divert acreage from the production of corn and grain sorghums, and barley, respectively, to an approved conservation use and increase their average acreage of cropland devoted in 1959 and 1960 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount. * * * The Secretary *may make* not to exceed 50 per centum of any payments to producers in advance of determination of performance." (Italics added.)

(4) Section 134 which provides:

"SEC. 134. Notwithstanding any other provision of law, the Secretary may place such limits on the extent that producers may participate in the special feed grain conservation program for 1962 authorized by this act *as he determines necessary because of an emergency created by drought or other disaster*, or in order to prevent or alleviate a shortage in the supply of corn, grain sorghums, or barley." (Italic added.)

In view of the general authority granted by the act, and in order to meet the purposes of this legislation, I respectfully suggest you urgently consider allowing the interchange of sorghum and barley acreage. The problem of different crop years can be met by withholding the advance payment on winter barley (which is not required) until proof of compliance has been satisfactorily shown in the summer or fall of 1962 on corn and grain sorghum.

In conclusion, Mr. Secretary, I want to emphasize farmers in western Kansas are not seeking undue advantage or special consideration in this request. They do wish to operate within the framework of the wheat and feed-grain program to prevent a serious erosion loss and to carry on their operations as they anticipated they would when entering the 1961 feed grain program. Failure to grant relief will undoubtedly limit participation in the program for 1962.

Sincerely yours,

BOB DOLE, Member of Congress.

MR. BREEDING. Mr. Chairman, I have further evidence of this from a wire this morning from Eugene W. Sprague asking that this bill be passed, that feed-grain allotments be amended to include barley as a feed grain.

I have this morning also evidence from Cimarron Grange No. 1932, Grant County, Kans.:

"We, the undersigned members of the Cimarron Grange No. 1932, Grant County, Kans., do petition you to work for a change in the feed-grain law, so that barley acres and milo acres shall be interchangeable. We were promised this at signup time last spring and were told it was not permissible now at barley seeding time."

And I have many other letters, Mr. Chairman. And I have had many phone calls in regard to this. And I certainly think it is not asking too much for the committee to give it favorable consideration.

Mr. THOMPSON. Is there anyone who wishes to appear in opposition?

Mr. SHORT. I don't know that I am in opposition to the bill, but I would like to ask Judge Satterfield this:

I think I understand what this will do in the winter wheat area and the winter barley area. I am also wondering what it will do in the spring wheat and the spring barley area where the summer fallow aspect also applies.

I am wondering, in those areas is this simply a matter of putting all feed grains into one feed-grain base category, so to speak, and making them interchangeable to suit the convenience of the particular farm or particular farmer?

Mr. SATTERFIELD. That is the way I interpret it, Congressman Short, that on any farm where summer fallow is a normal practice this would be permitted whether it be in the winter barley area or the spring barley area.

Mr. BREEDING. This only mentions barley, but I presume oats would be treated the same way.

Mr. THOMPSON. Should oats be specifically included?

Mr. SATTERFIELD. Oats is not included in the feed-grain program as of now.

Mr. JONES. Before you came in, Mr. Chairman, Mr. Albert had suggested that this bill probably should have been before the Feed Grains Committee, and also suggested that we might get into some difficulty if this committee attempted to report this bill out without first conferring with Mr. Poage of the Feed Grains Subcommittee. And it was also suggested that we should get in touch with the chairman of the Feed Grains Subcommittee and try to arrange a meeting in the morning to discuss this.

I think it would be wise to do it, because I don't think it would even be helpful in this situation for this subcommittee to report it out without first taking it up with Mr. Poage, because it is more than a wheat problem, it is a feed-grain problem.

Mr. THOMPSON. I was surprised to hear that it was to be handled by this committee.

Mr. BELCHER. What part of this pertains to wheat?

Mr. BREEDING. This is summer fallow, and it is all clean and ready for seeding, and they wake up to the fact they have to do something, my farmers want to plant barley.

Mr. BELCHER. It says "feed-grain program" here "shall be deemed to have participated in the feed-grain program for corn, grain sorghum, and barley." That was in fact a 10-percent reduction.

Mr. BREEDING. Mr. Belcher wasn't here when the bill was explained. The bill permits a man who has this reduction of 10 percent from wheat to plant it to barley this fall, and to deduct that acreage from

his feed-grain acreage next spring. So it doesn't cost the Government anything more if the grower has a feed-grain acreage base. If he doesn't have a feed-grain acreage base, I don't see how he could participate in the bill.

We have come to this position in my area: we have a lot of summer fallow, and it has been clean tilled all summer, there is no vegetation on it, and 10 percent now comes out in the wheat program, and it needs to be planted to barley. And barley is one of the few crops that we can plant, and we would like to do it and to deduct it from the feed-grain acreage next spring. That is the whole bill.

Mr. REIFEL. I have a couple of questions at this point.

In our area we don't have any barley. But we do have the same problem of soil erosion as in Kansas.

Mr. SHORT. I should say so.

Mr. REIFEL. And we in South Dakota and North Dakota will have a similar percentage left idle.

In Kansas, under this bill, the farmers have the opportunity to put these idled acres into winter barley. In South Dakota and North Dakota we are faced with the erosion problem too, but are without a suitable crop that could be planted to hold the soil and benefit from its harvest.

Mr. BREEDING. Can't you grow barley there?

Mr. REIFEL. No; not winter barley.

Mr. SHORT. The point there is, in our summer fallow area we don't normally seed our summer fallowed land to any kind of a cover crop during the winter months.

Mr. REIFEL. Is there a different type of soil and thus erosion from winds becomes a greater menace in Kansas than in the Dakotas?

Mr. BREEDING. We have an extremely high wind in the spring months, in February and March. And this land is going to blow if it is not covered.

Mr. REIFEL. I am pleased to have that information. When people inquire, I will be able to explain this problem you have. The other question is the one the Department raised—the matter of double seeding. When winter barley is seeded and should be frozen out or something happens to it, this makes possible a second seeding—a second chance, so to speak, on the same land.

Mr. BREEDING. Here it specifically states that this must be a part of the feed grain acreage, and deductible from the total amount of feed grain.

Mr. REIFEL. I gather that the Department has some doubt on this point.

Mr. SATTERFIELD. Yes; we do. I would like to explain it in this way. We think that a provision should be included in this bill which would not permit a producer to seed a larger acreage to barley than his base acreage of barley plus the acreage devoted to summer fallow in 1961 which is diverted from wheat production.

And furthermore, as you pointed out, a provision that if the barley should freeze out this winter, he should not be permitted to plow it up and put it to grain sorghum next spring. In other words, it would preclude double cropping.

Mr. REIFEL. Again, Mr. Chairman, asking the Department representative, will this bill need to be modified in order to prevent that from happening?

Mr. SATTERFIELD. Yes.

Mr. BREEDING. I would be very much opposed to limiting this to the base acreage that he has mentioned, because in many instances in the last couple of years our people haven't planted barley, and they just don't have any base, and yet they are barley producers.

And then Mr. Satterfield also made the remark that feed grains would not outproduce barley. I am sure that in my country feed grains such as milo normally outproduce barley. And we are asking to plant a crop that is not quite as good in production as the row crops normally are.

Mr. SHORT. Let me get this straight. Would this bill provide the opportunity for a farmer who wanted to seed barley this fall as a cover crop to prevent soil erosion on this 10 percent of his normal summer fallow that would normally have been seeded to wheat—if that barley crop next spring doesn't indicate that it is going to be a decent crop, he has the alternative of plowing up that specific acreage and planting it to either corn or grain sorghum?

Mr. BREEDING. That is the point that Mr. Satterfield brought up, there should be some legislation or some amendment to prohibit this. I can see how maybe it might get dry, and this might not yield any barley. I don't think we should necessarily say that when spring comes that you couldn't plant it to grain sorghum and you couldn't plant it to corn, because I have seen my entire wheat crop blow out, several thousand acres, and have turned right around and planted it in grain sorghums, which gives me a return on the land; otherwise it would be left lying there in a loose and blowing condition. I don't like to see that kind of an amendment in there, but I would certainly be opposed to plowing up a decent stand and planting grain sorghums on it, thinking to improve the crop.

Mr. SHORT. The question arises as to how far you should go in permitting a person a sort of double shot at a crop.

Mr. BREEDING. I would say this bill only applies to this 10 percent. In some cases a man may have 100 acres of this land, or maybe 150 acres. Perhaps on that we can say, you can plant it to barley, and if it blows out, that is it. But it wouldn't affect the rest of this feed grain acreage.

Mr. REIFEL. When he takes out this 20 or 10 percent of the wheat acreage from wheat production, he will be getting paid for that amount, will he not, while at the same time be planting it into winter barley?

Mr. BREEDING. Yes, sir.

Mr. REIFEL. So now under the bill it will be possible to plant winter barley with the possibility of double seeding.

Mr. BREEDING. Let me ask Mr. Dyess to explain that. He has talked to me about this provision.

Mr. DYESS. The 10 percent on the farm has to be laid out somewhere on the farm by the time you finally get through. Now, the problem is what to do with the particular land that is ready to seed right now. Under this bill, if the farmer wants to plant barley on that, then next summer he can lay out some different land on the farm that is not already prepared for seeding. And you can summer-fallow that under the terms of the bill.

Mr. SHORT. But he would have the same problem next fall, wouldn't he?

Mr. DYESS. No; because he wouldn't be breaking it up. He wouldn't be summer-fallowing that extra 10 percent, if you presume that a program like this is going to carry on for another year.

Mr. SHORT. He is going to have the same amount of land out of production, isn't he?

Mr. DYESS. Yes. But if he knows ahead of time—if a bill for 1963 is passed in time for him to know what is going to happen before it comes seeding time, then he can take care of his land and not break it up and prepare the seedbed next summer for fall seeding. As you know, they didn't know what they were going to have to plant, and so they went ahead with their usual operations. They started their summer fallow last April, and they just carried it on through to planting time. Now they have the land and there is nothing to put on it unless we can let them put barley.

Mr. BREEDING. As I understand it, he will have more land out of production next year under this new program. He won't be summer-fallowing a hundred acres if he does not intend to seed it to a fall crop.

Mr. SHORT. What is he going to do with that land?

Mr. BREEDING. It is going to have to lay out of the program, and it is going to have to be covered with some kind of a crop to protect it from blowing. So it will be out of the program and out of production.

Mr. SHORT. That is the point I was just making. If I understood Jim, that land that is going to be retired, he said it was going to be summer-fallowed. So it seemed to me we were getting right back to where we were going to be in that same predicament next fall—

Mr. BREEDING. You only summer-fallow the number of acres you have got allowed for wheat, in my instance. I live on a farm out there, and we raise wheat, and we summer-fallow each year what we are going to put in wheat that fall.

Mr. SHORT. What about summer-fallowing barley?

Mr. BREEDING. If you have some extra summer fallow you can plant it in barley. But we have not been raising much barley due to good wheat crops recently. I think my boys only have a small acreage of barley this year. We would like to plant barley on this retired 10 percent.

Mr. BELCHER. In other words, you are going to do away with the method of determining allotments?

Mr. BREEDING. No; I do not think—

Mr. SHORT. I do not think it has anything to do with that.

Mr. JONES. The thing I have not been able to understand is, you say that a person is a barley producer, and yet he hasn't been planting barley.

Mr. BREEDING. That is true.

Mr. JONES. I can't recognize a fellow as a barley producer if he has not been planting barley.

Mr. SHORT. He means in 1959 and 1960.

Mr. JONES. That is 2 years. I wonder—

Mr. SHORT. That is one of the provisions in the bill.

Mr. BREEDING. Maybe I can explain it this way. My country is an arid country. Maybe some years we will plant a lot of barley, and

some years a lot of row crops, but it would have to do with weather conditions. If I planted wheat this fall and my wheat blowed out and I had no wheat crop next spring, I would plant all that summer fallow acreage to grain sorghums, and maybe spring barley. And perhaps I would have as many acres in production as I had in wheat. Now, this is how we get our barley acreage, and this is how we get a lot of our grain sorghum acreage. This is primarily a wheat-producing country.

Mr. JONES. Of course, I am not familiar with that area, and I am not familiar with some of those practices. But it seems to me, as I read the bill, that you are going to have to take the 10 percent out of wheat.

Mr. BREEDING. Yes.

Mr. JONES. And everybody else takes the 10 percent out of wheat, and they don't plant anything on it.

Mr. BREEDING. No; I think the people in that area under this new farm program will definitely take this 10 percent out and plant it to some crop.

Mr. JONES. They couldn't plant it to feed grains without this bill; could they?

Mr. BREEDING. In an area where there is continuous cropping they have had a little closer touch with this thing, in other words, they came down to a point where they are maybe only preparing the same amount of acres that they are going to be allowed to plant. But in a summer-fallow area you start your operations on the 1st day of April—and this is a long time from seeding time—and you seed about the 1st of September. Now, we came up here the 1st of September or about seeding time, on the 24th day of August, and we had a referendum, and we found out that we are going to plant 10 percent of our acres less in a producing crop.

Mr. JONES. And you are going to get paid for it?

Mr. BREEDING. We are going to get paid for it. Now, we are going to cover this 10 percent of our acres to keep it from blowing away.

Mr. JONES. But you want to plant something that you are going to get some money from.

Mr. BREEDING. No, we will reduce this by the same amount of the feed grain acres, so it is not going to cost the taxpayer anything.

Mr. REIFEL. The prudent farmer is going to summer-fallow in preparation for the next year's crop the best land he has got. So you have got 10 acres. And next year when he is permitted to take the same number of acres out of production, out of his feed grain crops, he is going to take the poorest land out. So he is going to increase the production of feed grains by getting the better land into production this year through summer-fallowing, and next year he takes out the poorer producing land in equivalent acres.

Mr. BREEDING. You might in some areas, but not in my area. I think perhaps in your area.

Mr. REIFEL. This fall he sows the 10 acres, 20 acres, or whatever acreage he plans to take out of wheat and plants it to winter barley—this could be better producing land than that which he retires next spring.

Mr. BREEDING. I think that is true in everybody's area, they put their poorest land in the soil bank. I have several quarters of land

out there, but I wouldn't say this one was good and this one was poor, they are all level, and they look alike.

Mr. REIFEL. This letter of which you had a copy says that most of this can be done administratively. It says:

It is permissible, of course, to fall plant barley or any other small grain crop for erosion control on land intended for grain sorghum or corn for harvest in 1962.

Mr. BREEDING. The letter says here it couldn't be done administratively.

Mr. THOMPSON. Let the Chair make an observation.

I have a feeling that much of this discussion is going to have to take place again over in the Feed Grain Subcommittee.

Mr. BREEDING. Yes, I think so.

Mr. THOMPSON. And it may be well to save ourselves redoing it if we can let—I see Paul Jones is a member of both subcommittees.

Mr. JONES. Yes.

Mr. THOMPSON. How about you taking with you such assistance as you may deem necessary and talk to Bob Poage and see if you can rig up a meeting tomorrow morning, or whenever it is convenient.

Mr. BELCHER. I would just suggest that we turn this bill over to the Feed Grains Committee. I think it is a feed grain matter pure and simple, because I don't see where wheat is too much involved in it. They are going to take out the 10 percent anyway, and if it is going to affect anybody, it is going to affect the feed grain raiser, not the wheat raiser, and I don't see where this committee has really any chips in the game at all.

Mr. SHORT. Isn't it true that it is not going to affect the wheat producer any more than it relates to the land he retires?

Mr. BREEDING. That is true.

Mr. BELCHER. But it doesn't permit him to get back in the wheat business at all.

Mr. BREEDING. But it does permit him to prevent this land from blowing away. I can't see that this bill permits an increase.

Mr. BELCHER. It permits an increase in barley production. If you are a barley producer it affects you regardless of what you do as a corn producer.

Mr. THOMPSON. Do you suggest a joint session, or shall we turn it over to them?

Mr. BELCHER. I don't see where we have got any chips in the game. I suggest we turn it over to them.

Mr. THOMPSON. Those in favor of turning it over—

Mr. HARDING. Mr. Chairman, a point of order. If it was referred by the chairman of the full committee, can we just shift it back to the Wheat Committee?

Mr. THOMPSON. We can turn it back to the chairman inviting his attention to the fact that we believe it should go to the full committee.

Mr. SHORT. We could suggest a joint meeting.

Mr. THOMPSON. I really think we have a place for negotiation here. Let's talk it over with the authorities, whoever they may be, and see what they want to do.

Mr. JONES. Let me ask this question. I think Mr. Breeding talked to the chairman and said he had a wheat bill, so it was referred to the

Wheat Subcommittee. I doubt if the chairman has ever read this bill, has he, Floyd?

Mr. BREEDING. Not that I know of.

Mr. BELCHER. I think it is purely a feed grain bill. I don't see where wheat is involved in any way, shape, or form. You are going to take out the 10 percent anyway, and you are not going to put any more production back in wheat. So I don't see where the Wheat Subcommittee has anything to do with it.

Mr. THOMPSON. Those who favor conference with the chairman of the full committee and the chairman of the Feeds Grains Subcommittee, please says "aye."

(A chorus of "aye.")

Mr. THOMPSON. Opposed, "no."

(No response.)

Mr. THOMPSON. That seems to settle that.

Mr. DOLE. I still say—we made an exhaustive study to see if we could get the Department to correct this by Executive order but in the letter they sent to me I am told it can't be done. I made it a part of the record to point out these provisions, which to me indicate any inequity can be corrected administratively.

Mr. THOMPSON. Is there any further business?

(No response.)

Mr. THOMPSON. We will have a conference with the chairman of the full committee and the chairman of the Feed Grains Subcommittee with reference to referring this bill to the Feed Grains Subcommittee.

(Whereupon, at 10:35 a.m., the subcommittee proceeded to the consideration of other business.)

AMEND SUBSECTION (d) OF SECTION 16 OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

FRIDAY, SEPTEMBER 1, 1961

HOUSE OF REPRESENTATIVES,
JOINT SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS,
AND WHEAT OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittees met, pursuant to call, at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Mr. POAGE. The two subcommittees will come to order. We meet this morning to consider H.R. 8914, a bill to amend subsection (d) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended.

If there is no objection, we will include H.R. 8914 in the transcript at this point.

(See p. 65 for the document referred to.)

Mr. ALBERT. Mr. Chairman, the Wheat Subcommittee met yesterday to consider this bill, H.R. 8914. It was felt that we should have a joint hearing because the subject matter deals with both wheat and feed grains. It actually involves feed grains but it relates to land taken out of wheat and the situation is that when land which has been fallowed it needs cover and barley is apparently the only crop that is a successful cover crop. Barley cannot under the feed grain law be substituted for other feed grains. They want to do that in this case.

Mr. POAGE. It would be done in the amount of feed grain and also the amount of barley?

Mr. ALBERT. That is right.

Mr. POAGE. Mr. Satterfield and Mr. Rooney are here to testify.

STATEMENT OF J. ALTON SATTERFIELD, ASCS, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HOWARD ROONEY, OGC, DE- PARTMENT OF AGRICULTURE

Mr. SATTERFIELD. The Department of Agriculture favors the principle involved in H.R. 8914, permitting producers to plant any feed grain adapted to their region even though their feed grain acreage history is in another grain. Producers want and need this kind of flexibility. In areas where summer fallow is a normal practice in wheat production, wind erosion would be a problem in the coming winter on land diverted from wheat after the seedbed has been prepared.

H.R. 8914 would permit barley to be planted on such land even though the farm had no barley acreage history, and would charge the

barley acreage against the grain sorghum or corn base. It would also permit producers to change their cropping pattern completely from the base years. Barley could be planted on 80 percent of a grain sorghum base, or sorghum on 80 percent of a barley base; yet all grain produced would be eligible for price support.

This would be very satisfactory if yields of alternative crops were equal in all areas, but they are not. In some counties of the Great Plains, barley yields substantially more than sorghum, yet some sorghum is produced. In other areas, the reverse is true. H.R. 8914 would make it possible to reduce acreage by 20 percent or more, change to a higher yielding crop, and produce as much as before.

The Department would recommend tentatively, subject to study of the effects on output, that producers in areas where yields of alternative feed grains are about equal, that producers be permitted to make all this acreage diversion in one feed grain, but that the acreage of any feed grain not be permitted to exceed the average of the base years in order to qualify for price support.

Producers who plant a fall-seeded crop—like barley—for harvest should not be permitted to use a spring-seeded crop on the same acreage in the event of failure or poor prospects for the fall-seeded crop. To permit such double seeding could increase grain production substantially.

That concludes my statement.

Mr. POAGE. You said the Department approved the objective of this but I gather you don't approve of the bill.

Mr. SATTERFIELD. We are saying in effect we would want to put a limitation on how far they can go in this shift.

Mr. POAGE. You say in those areas where one crop is more productive than the other. How in the world would we define those areas? How could you write laws to carry out what you are suggesting?

Mr. SATTERFIELD. We know there are certain areas where grain sorghum will yield more per acre—

Mr. POAGE. Take my State. Other feed grains will produce more than barley there. In Mr. Short's case it is the opposite.

Are Oklahoma and Kansas the only States involved?

Mr. SATTERFIELD. Nebraska and Colorado.

Mr. BREEDING. They will limit it to summer fallow area?

Mr. SATTERFIELD. That is correct.

Mr. POAGE. Mr. Short summer fallows but it is silly to think of him planting sorghum instead of barley. There is very little summer fallowing in my State as you know, but where there is any it would be perfectly silly to think of anyone planting barley in place of grain sorghum, because one will produce more than the other. Is Colorado and Kansas the only area in which you can make this shift?

Mr. SATTERFIELD. And western Nebraska.

Mr. ALBERT. Can the Pacific Northwest grow barley?

Mr. SATTERFIELD. They can grow barley.

Mr. ALBERT. It would affect them too?

Mr. SATTERFIELD. Their barley is mostly spring barley.

Mr. ALBERT. How are we going to take care of them? They prepare summer fallow on some of their lands.

Mr. SATTERFIELD. They could seed barley on it.

Mr. POAGE. I think maybe the thing takes care of itself. You are not going to have anybody in North Dakota or the State of Washington who has any sorghum base, anyhow. Any history. Consequently, they are not going to be able to take advantage of this sort of thing. You are not going to have many people in my area who are going to have a barley base. It is only in the area where the two are more or less the same value that you can have any substantial base for the change, isn't it?

Mr. SATTERFIELD. That is true, Congressman, because farmers naturally are going to plant the commodity that is going to give them the best yield.

Mr. ALBERT. Then we wouldn't have to worry about that?

Mr. POAGE. That is just what I am wondering. Maybe your fears are rather exaggerated because these farmers have been planting in the past—they are certainly not planting in an area where they can't grow grain sorghum—they certainly haven't been planting much in the past. The same with barley. They are not planting much barley where it doesn't produce.

Mr. ALBERT. Do you have any amendments on this bill?

Mr. SATTERFIELD. Other than the two points that I have mentioned with respect to limiting the acreage on which they could seed barley to the average acreage on the farm in 1959 and 1960.

Mr. POAGE. Analyze this suggestion, won't you: How in the world can you get anybody in North Dakota to substitute grain sorghum for barley?

Mr. SATTERFIELD. You wouldn't have the problem there at all.

Mr. POAGE. I don't think you would either. The only place you can have the problem is in Kansas and Colorado.

Mr. SATTERFIELD. And Nebraska.

Mr. POAGE. You are not going to have much of it in Nebraska either.

Mr. BREEDING. The problem also exists in the Panhandle of Texas and Oklahoma and parts of New Mexico.

Mr. POAGE. That area won't have a serious problem because nobody could grow as much barley as they can grow sorghum.

Mr. BREEDING. You have a problem with the 10 percent.

Mr. POAGE. Why would a man in Texas or Oklahoma be willing to give up grain sorghum acreage to plant barley?

Mr. BREEDING. He will put anything on this 10 percent to keep it from blowing. If he has to plow it under he then has ruined it for sorghums the following year. This is true in the Panhandle in Oklahoma, it is true in Texas, in my country and all through the summer fallow area, where they have grain sorghums and barley and they do grow barley in the Panhandle of Texas.

Mr. POAGE. They do grow sorghum more profitably than barley. I should think that there would be very little done in Texas. I think the very fact that it won't be done in Texas answers the judge's objection to the bill. The very fact that it won't be done in North Dakota answers the objection to your bill, as I see it. There isn't anybody who will use this privilege in a large way except in two or three States. I grant you there might be a dozen individuals in some counties in Texas but it will not be anything that will materially affect or upset the relationships.

Mr. SATTERFIELD. I agree with your statement with respect to North Dakota and Texas. I think that is probably true in a large part of the area but we do have a sizable area in western Kansas, western Nebraska, eastern Colorado and a little in southeastern Wyoming.

Mr. POAGE. And the bill is intended to take care of the territories in Kansas and Colorado and whatever you have in Nebraska. That is what the bill is intended to take care of.

A man in Kansas can shift from grain sorghum or barley, he can grow either one and probably make about the same, can he not?

Mr. SATTERFIELD. In a large part of the area that is true.

Mr. BREEDING. Normally grain sorghums outproduce barley in my area.

Mr. Chairman, I have a wire here from the State ASC chairman, the chairman of the State ASC committee and I would like to read it to you.

Mr. POAGE. Go ahead.

Mr. BREEDING. This wire came to me this morning from the State ASC chairman of the committee in Kansas and this is what it says:

It is my honest opinion that passage of H.R. 8914 will accomplish three important adjustments in our new farm program. First, it will permit the already clean tilled acres to be covered to prevent wind erosion. Second, it will assure continued heavy participation in 1962 feed program. Third, it will help curtail overseeding of wheat. I have contact with many farmers and this opinion I give you is expressed by all I talk with.

Mr. ALBERT. I don't think there is any argument about that. The only point here is should we put these limiting amendments in and if so what will the effect of them be?

Mr. SHORT. Mr. Chairman, could I get this point clarified for my own edification: Wouldn't this bill to some degree at least, Mr. Satterfield, provide an individual who under the terms of the feed grain bill had not produced barley in 1959 and 1960, and therefore under the feed grain program does not have a barley base, give that individual a barley base for 1959 and 1960?

Mr. SATTERFIELD. It would permit him to plant barley. In effect I guess you could say it would give him a base.

Mr. SHORT. It seems to me that right there we are running contrary to one of the points that was the intent of the feed grain bill. Now this bill to some degree would exempt people who under the terms of the feed grain bill would not be permitted to raise barley and be eligible for price support.

Mr. POAGE. But he could not plant that barley if he had no barley history unless he reduced either grain sorghum or corn acreage, could he?

Mr. SATTERFIELD. That is correct.

Mr. POAGE. So he would have to cut down on either corn or grain sorghums?

Mr. SHORT. Next spring.

Mr. POAGE. Yes, if he planted that barley.

Mr. SHORT. But right there I think it is important to keep this in mind that you are giving this individual somewhat of a two-shot opportunity if this barley that he seeds in the fall to protect his summer fallow happens to turn out to be a good-looking crop next spring, he is going to go on and let it mature and harvest it as a crop. If it doesn't

look like the barley had a better chance of being a more valuable crop than the grain sorghum he could seed on that very same land next spring, he has the opportunity to elect to plow down the barley and plant grain sorghum if he thinks it will give him more bushels.

Mr. ALBERT. The witness suggests we take care of this by amendment.

Mr. REIFEL. Mr. Chairman, as you pointed out in other instances the farmer is bright enough to take advantage of every opportunity. It is reasonable to assume that the summer fallow has some of the best land in it that he has on the place. The farmer will take out his poorest acres that remain, so actually it will increase the amount of feed grains that we are trying to reduce by this action we just passed. This troubles me a little bit.

Mr. POAGE. I don't follow you on that. Why wouldn't that man plant his best land in the best crop anyhow?

Mr. REIFEL. His summer fallow is his best land. It seems he would want to put back into wheat, to summer fallow, the best producing lands that he has.

Mr. POAGE. He can't go ahead without planting wheat that same year.

Mr. REIFEL. But he has to cut back his 10 percent.

Mr. POAGE. Yes.

Mr. REIFEL. Before he knew he was going into this program to have to cut back, he has summer-fallowed by now and he has a hundred acres of the best land in summer fallow.

Mr. POAGE. I don't understand why he has a hundred acres of his land in summer fallow. You have another hundred acres in wheat, haven't you?

Mr. REIFEL. Yes; in production.

Mr. POAGE. Why isn't he just as likely to plant his best land in wheat this year?

Mr. REIFEL. He is permitted under this, as I understand it, to take out whatever other lands in feed grain he has in production.

Mr. ALBERT. If a man has 300 acres and he summer-fallows and plants wheat in 200 acres, it is normal that the 200 best acres would be used for that purpose. He would have another hundred acres in which to plant sorghum, which would be on poorest land normally, and you would reduce out of that rather than out of his best land.

Mr. REIFEL. That is the point I am trying to make. This follows our discussion yesterday.

Mr. SHORT. Mr. Chairman, there is another point that comes to my mind here in regard to the prepayment for land retirement. Of course, this is a question which it seems to me comes up in a much broader connotation than in this particular instance, but if the farmer who would be affected by the bill that Mr. Breeding has proposed comes in and signs up this fall and says he is going to participate in the feed grain program and he plants this 10 percent of his wheat allotment to a feed grain crop, then next spring it looks like it was going to be to his advantage maybe to stay out of the feed grain program, how do you return this prepayment that has already been made?

Let me get this point straight in the first place: That is an election that I believe he still would have, would he not?

Mr. SATTERFIELD. If he decides to stay out of the feed grain program he has to refund this advance payment.

Mr. SHORT. If a person elected to do what Mr. Breeding suggests, should it perhaps properly be provided that this advance payment be withheld until such time as he makes it plain next spring as to what he is going to do about participating in the feed grain program?

Mr. SATTERFIELD. No; I do not think so, Congressman Short, but the proposition you propose here would create administrative problems. Take the case you were illustrating: Suppose that his barley goes out during the winter and he decides to plant grain sorghums on this acreage next spring. You have made him an advance payment on the basis of reducing his grain sorghum and now he wants to reverse it and reduce his barley acreage.

Mr. SHORT. If he has been made an advance payment on the basis of barley and wheat retirement.

Mr. SATTERFIELD. If he seeds barley he is making his diversion from grain sorghum, to be taken out of production next spring.

If the barley is plowed up and put in grain sorghum, then you have the reverse. You would have to recompute his payment. It gets into a lot of administrative complications.

Mr. SHORT. Wait a minute. This confuses me a little bit further right here. He has no barley base, so you are arriving at his prepayment for land retirement under the feed grain program on a basis of retirement of either corn or grain sorghum, but he has planted barley.

Mr. SATTERFIELD. Yes. His reduction is being made from corn or grain sorghum, and that is what you are going to pay him on.

Mr. POAGE. You are going to pay him on the average production of corn or grain sorghum on that land and not on the average production of barley he might grow there.

Mr. SATTERFIELD. That is correct.

Mr. ALBERT. Mr. Chairman, it seems to me we have this very practical situation. We are not going to hit it on the nose. But it would be very bad if we didn't offer some type of program that would enable these farmers to cover this land that they had had in summer fallow. I don't think we could live with this if we created a dust bowl out there. I think we need to do something, with such safeguards as we can add—it may turn out that we may add a little to the barley surplus. On the other hand, if we have a bad fall and a good spring, this may turn out to be better.

Mr. SHORT. Right there, if the gentleman would yield, under the wheat program he is being paid for retiring that land.

Mr. ALBERT. That is right.

Mr. SHORT. Now, under the bill we have under consideration, let me get this straight: Does it propose that he would forgo this land retirement payment under the wheat program?

Mr. ALBERT. It is just proposed that he retire other lands.

Mr. SATTERFIELD. He would receive his payment for diversion.

Mr. SHORT. He would be seeding the land he is paid to retire from wheat production. He would be seeding that land.

Mr. BREEDING. That is not true. You can take this land out of production anyplace on your farm.

Mr. SHORT. I thought that was the thing we were getting at. This 10 percent of your wheat allotment that is not going to be planted next

year under the terms of the wheat bill. Now your concern is over the fact that this 10 percent of your summer fallowed land is going to be exposed to wind erosion this winter. So you propose to seed it to barley. Yet you are going to collect the payment for the retirement of 10 percent of your wheat acreage allotment.

Mr. BREEDING. My acreage of wheat will be reduced by this amount and I still haven't overproduced. I am still in compliance with both programs.

Mr. SATTERFIELD. There is one point we are overlooking here. Using an example of say a 10-acre diversion on wheat, if he takes that out of production anyplace on the farm he will earn a wheat payment, provided he puts the 10 acres to conservation use. In addition to that, if he puts 10 acres into barley and he reduces his overall feed grain acreage next spring by 20 percent, he will also earn payment on that. He has taken the 10 acres out of wheat production and put it to conservation use.

He doesn't have to put it to conservation use. He could plant castor beans on it and forgo the payment.

Mr. ALBERT. What if he planted only barley and wheat? Then it would be a simple proposition to take that 10 acres or any other 10 acres out, you see.

If he produced only barley and wheat you wouldn't be worrying about which 10 acres he took out, because your summer fallow for both is done normally.

Mr. SATTERFIELD. Keeping our example in multiples of 10 acres will illustrate the problem. If the farmer had 10 acres diverted from wheat for which he received payment and the required reduction on his feed grains amounted to 20 acres, he would have to devote a total of 30 acres to conservation uses in order to be able to retain the payment received for his wheat diversion. If he seeded barley without a barley base, he would be locked in to participate in both the wheat program and the feed grain program.

Mr. SHORT. If he elected to stay out of the feed-grain program? This is where I start becoming a little more concerned. It seems to me if you give him this opportunity you are rather encouraging him even though it is possible under the present wheat program to stay out of the feed-grain program and plant this land that is retired from wheat to feed grains and including barley, even though he doesn't have any barley base—if he elects to stay completely out of the feed-grain program, and he is not concerned about eligibility for price supports, it seems to me you are still to some degree encouraging the production of barley and that brings me to the question—and I think possibly you answered it about the time I came in the room. Isn't this approach going to almost unquestionably bring about a larger production of barley? Perhaps proportionate, but it is still going to be a larger production of barley.

Mr. SATTERFIELD. It is a limited area in which they would take advantage of this situation. They could plant this acreage to barley even though they don't have a barley base. It could slightly increase the barley supply.

Mr. ALBERT. This applies only to those participating in both programs. Otherwise I don't think this would work. I think he has to participate in both programs.

Mr. BREEDING. If he has no feed-grain acreage he won't have a place in this.

Mr. ALBERT. There is no question but what this will add to the barley crop but it will also take out some of the other grain crops.

Mr. QUIE. Why would it not be fair to have this permissive for the corn area too? In that part of the country they want to produce corn and reduce acres of barley.

Mr. POAGE. Except you don't summer-fallow land in the corn area.

Mr. QUIE. You still would summer fallow the same number of acres in the area represented in this bill.

Mr. ALBERT. The substitute is allowed for the purpose of keeping erosion down.

Mr. BREEDING. Mr. Chairman, it seems to me this entire problem is a 1-year problem. For example, if I have summer-fallowed 100 acres for wheat this year but I only want to plant 90, then I need this program for barley. Next year if I want to plant only 90 I am only going to summer-fallow 90 acres. So it applies to this crop right now. Seeding time is here. This will probably be the only year that we will have this.

Mr. POAGE. Do you want to make this apply only for next year?

Mr. DOLE. If I have a 100-acre wheat allotment, how much barley can I plant and also have feed grains?

Mr. SATTERFIELD. To make your question a little easier to answer, let's say that you had a 100-acre allotment in 1961 but you have a 90-acre allotment this year. Under this bill you could seed the 10 acres to barley, if you are operating a summer-fallow farm, and divert 10 acres on the farm to conservation use.

Mr. DOLE. Suppose a man includes the additional 30-percent voluntary diversion and seeds 40 acres to barley?

Mr. SATTERFIELD. He could do that only if he had a total feed-grain base equal to or in excess of his wheat diversion.

Mr. DOLE. This application to the whole 40 percent or just 10 percent?

Mr. SATTERFIELD. It applies to both the 10 percent and 40 percent.

Mr. DOLE. He can set aside next spring an equivalent amount of grain sorghum?

Mr. SATTERFIELD. Yes.

Mr. POAGE. The payments are not payments on wheat but are payments on grain sorghum?

Mr. SATTERFIELD. That is correct.

Mr. BREEDING. In other words, Mr. Satterfield, doesn't this make barley interchangeable with feed grain?

Mr. SATTERFIELD. That is correct on summer-fallow farms.

Mr. QUIE. Wasn't this normally done with these summer-fallow acres in the fall when they go into winter wheat, and land which wasn't wheat this year will be produced, or rather plowed under—or would that be next spring?

Mr. BREEDING. Plowed or laid in stubble until the following spring and they start summer fallow normally on the 1st of April.

Mr. QUIE. And the same thing with barley, you plant your winter barley on what was summer fallowed that year and let your stubble land lay over until next spring?

Mr. BREEDING. That is normal.

Here is another thing that spring barley is used for. In case your winter wheat all blows out you could plant all spring barley. A lot of times this has happened in my time out there. Sometimes it is all planted in grain sorghums. But it isn't also every year that you have barley on your farm. In 1959 and 1960 there wasn't too much barley raised on my land because they were getting good wheat crops. And every year has been a good wheat year. The barley acreage for 1959 and 1960 is small.

Mr. QUIG. Then there are two things in this bill: One, you want to permit planting of winter barley on that 10-percent reduction of wheat acreage; and second, you want to be able to interchange the barley with your corn and grain sorghum.

Mr. BREEDING. It automatically becomes interchangeable. I think Mr. Satterfield could answer that. But the whole purpose of this bill is to let him cover that 10 acres with some kind of growing crop to keep it from blowing out.

Mr. POAGE. Do you allow a man who made no election in the fall to wait until spring and then decide that he can plant spring barley on that land?

Mr. BREEDING. Suggestion has been made that we limit him to the seeding of 40 percent to barley, if it does blow out and he couldn't plant grain sorghums in the spring.

Mr. POAGE. I know there comes a time when you want to plant barley in the spring, I know that, but you can't consider that a soil-conserving practice because it had nothing to do with conserving the soil. It seems to me we ought to keep this on a soil-conservation basis.

Mr. ALBERT. He is just explaining what they do out there.

Mr. BREEDING. I was explaining the procedure.

Mr. POAGE. What I am asking is, Do you intend that this bill should allow a man to plant spring barley?

Mr. BREEDING. No, winter barley on this 10 percent.

Mr. POAGE. Mr. Satterfield said 40.

Mr. SATTERFIELD. It depends on how much diversion they make under the wheat program. It could go up to 40 percent with a 30 percent voluntary.

Mr. POAGE. Perhaps you want to confine it to the 10-acre mandatory cut.

Mr. ALBERT. That would defeat the program on wheat.

Mr. SATTERFIELD. That would cut down on the wheat participation.

Mr. ALBERT. This is just a 1-year program. It will have no real major overall effect either on feed grains or barley and it is a practical way of getting at the problem. If it doesn't work this time we won't let them do it any more, if we have a 1-year program that comes in late like this. It seems to me that is the situation. We might want to put safeguards in the bill.

Mr. THOMPSON. Mr. Chairman, if it is in order—I realize this is an open meeting, but if it is in order to move that we report it out—the wheat people seem to think we ought to do it—I would so move.

Mr. ALBERT. If you will yield, I think we ought to have the amendments.

Do you have the language for the amendments?

Mr. SATTERFIELD. No, I do not have the language. We have Mr. Rooney here and possibly he can develop it for you right quick.

Mr. ALBERT. Do you have the language, Mr. Rooney?

Mr. ROONEY. I haven't given it any thought.

Mr. ALBERT. You can't plant barley in the fall and some other feed grain in the spring if the barley turns out bad. That is the first thing.

Mr. POAGE. Why is this language in here about barley? You are not going to plant any winter barley up there, are you?

Mr. SHORT. Not up in our country and I don't think they do it out in Oklahoma and Texas, do they?

Mr. SATTERFIELD. There is a little grown in each of those States. Most of it is grown in that area composed of eastern Colorado, western Nebraska, and western Kansas.

Mr. POAGE. All I mean is, the more complicated you get this bill—the committee can't read this bill and understand what we have done and I don't think the average farmer can understand what we have done here. We have so many exceptions and complications that to my mind the exception on malting barley, if it achieves absolutely nothing, why put it in there? Do you think there is any reason for any malting barley exception there? If somebody grows 200 bushels of that in the State of Utah, is it going to break the program?

Mr. ROONEY. Is it your idea you would have to make an application and get permission to plant the barley?

Mr. POAGE. I only say leave the words out. If anybody wants to plant malting barley to protect his soil in the winter time, I don't see why we should deny him the privilege of doing it. Of course, he is not going to do it. Malting barley is grown in the Red River Valley, we are told. If we have been misinformed that is a different story, but we were told malting barley was grown in the Red River Valley. We were told there wasn't a bushel of it grown further south in this area where we are talking about. This program will relate to three States and we were told there wasn't a bushel of malting barley grown there.

Mr. BREEDING. I know of none.

Mr. POAGE. Why make the exception?

Mr. ALBERT. I move to strike it out.

Mr. POAGE. I do, too.

Strike out "malting barley." It just adds confusion, that is all it does. It is in here twice or three times.

Mr. THOMPSON. Can't we go on with that other amendment and trust to the lawyers to properly draw it?

Mr. POAGE. Yes.

Mr. THOMPSON. I so move.

Mr. POAGE. You are not moving it just to avoid hearing what the amendment is?

Everybody who wants to pass it without knowing about it, say "aye."

Mr. THOMPSON. I didn't say that. We have agreed on the substance. We have agreed on the ends.

Mr. ALBERT. Do you have an amendment on this or a proviso, Mr. Rooney?

Mr. ROONEY. I wanted to have a question answered before I tried to draw something here and that is, Is it contemplated that he would have to apply for an application to get this privilege? He can plant

barley now and plow it up in the spring and stay in compliance with the wheat program. There is nothing new about that. He can plant wheat on it and plow it up in the spring if you want cover. What is involved here is whether he can plant barley now and by cutting out his sorghum acreage, get his price support on that barley. That is what is involved here. That is the only thing.

Now, how are we going to tell the difference, whether he is plowing it up or planting it to get price support? Isn't it going to take an application if you are going to have that restriction?

Mr. POAGE. He is going to have to make his feed grain application, isn't he, in the spring?

Mr. ROONEY. He is going to have to make it in the fall, it would seem to me.

Mr. POAGE. Wait a minute. You are paying on feed grain. You are not paying on barley. You are paying on feed grain. You are paying him a portion of his normal feed grain yield, are you not?

Mr. ROONEY. Yes.

Mr. POAGE. You are going to sign up for that feed grain some time in the spring. Both corn and grain sorghum will be signed up at the same time, will they not?

Mr. SATTERFIELD. That is correct.

Mr. POAGE. I do not see why you do not sign up for this at the same time anybody else signs up for corn and grain sorghum.

Mr. BREEDING. When he signs up for the feed grain program, he would already have 10 percent of his feed grain planted.

Mr. POAGE. That is right.

Mr. QUIE. He must have more than that.

Mr. BREEDING. Whatever he has planted up to 30 percent.

Mr. ALBERT. The important thing Mr. Rooney is bringing out here is if he does not have to sign up for it until spring he can elect then whether he is going to plow it up or whether he is going to take credit for it as part of his feed grain acreage.

Mr. POAGE. He will always have that election.

Mr. QUIE. Even without passing this he has that election. Unless he raised barley enough. I think he could elect to cover these acres with anything he feels like.

Mr. ALBERT. Then we are going to give him a two-shot deal?

Mr. POAGE. Yes; he can have two shots.

Mr. SHORT. Could I ask this question? I am sorry to confuse you folks, but have you tried to work out some language for this amendment? Are the wheatgrowers in the winter wheat area going to have to come in and sign up this fall to establish their eligibility for their retirement payment?

Mr. ROONEY. They are going to have to sign up in order to qualify and also to get their advance payment, but their performance will be checked later on. Actually, they can plant the wheat this fall, but as a matter of administration they are going to get advance payment.

They are coming in and we have the applications at the printers now.

Mr. SHORT. What I was getting at is, inasmuch as they are going to be signed up this fall with the wheat program and inasmuch as this is wheatland involved, it would not involve an additional signup, so to

speak, for these people who are going to do the thing suggested in this bill?

Mr. ROONEY. Except that we do have a target date of September 15 to start. That could be extended.

Mr. SHORT. To start?

Mr. ROONEY. That could be extended.

Mr. POAGE. The fundamental thing is that this is not wheat land. This is feed grain land.

Mr. ROONEY. Yes.

Mr. POAGE. It was wheat land last year and without passage of this bill you would contemplate this 10 percent would be wheat land. We changed the law on that and said you cannot grow that much wheat. You have 100 acres out here fallow, but you cannot grow more than 90 acres of wheat and so the man contemplates putting feed grain on that land next year. He can put barley on it this fall or he can put wheat on it this fall in excess of his allotment but if he plows it up next spring, he is still in compliance with the wheat program. He is still in compliance with the feed grain and sorghum program and you cannot keep him from planting what he wants to on it this fall.

If you get as far south as my country, he would put vetch on it which is a better cover crop than grain, if you can grow it.

He will put whatever he wants to on that this fall and if he wants to plow it up next spring, it only leaves 90 acres of seeded wheat and he is in compliance. If he wants to put barley on this 10 acres, or 40 acres and next spring he decided he does not want to plow it up, the only way he can be in compliance is to reduce his feed grain allotment?

Mr. ROONEY. Exactly.

Mr. POAGE. If he reduces his feed grain allotment by 40 acres, he is in compliance?

Mr. ROONEY. With the wheat program, but he would not be eligible to get price support on his barley if he did not have a barley base.

Mr. POAGE. That is correct.

You do not propose in this bill to give him price support on his barley without a barley base, do you?

Mr. ROONEY. If he reduces——

Mr. JONES. That is the whole purpose of the bill.

Mr. BREEDING. It becomes a part of the feed grain acreage.

Mr. POAGE. I am wrong; of course, if he gets it on his barley without a barley base and takes it out in other feed grains, you do not give him something without making a reduction of the same amount.

Mr. BREEDING. If he does not make a reduction, he is not in the feed grain program.

Mr. POAGE. Unless he is in both the wheat and feed grain programs, he cannot take advantage of this.

Mr. BREEDING. That is right. If he does not have feed grain acreage, he cannot take advantage of it.

Mr. ROONEY. He has to make an overall reduction when he gets through here of less wheat and less feed grain. If he does not go into the feed grain program he has to have some land on which to increase his conserving acreage by the amount he gets paid for wheat.

Mr. BREEDING. If he has no feed grain acreage and plants barley, then he stays out of the program.

If he sells his barley on the cash market, that is.

Mr. ROONEY. Either that or plow it up.

Mr. POAGE. He is not going to lose much if he does that, because he is only going to have this 10 acres.

Mr. QUIE. How could he do that? You mean if he had no feed grain base at all? He could take that 10 percent and put it into feed grains and raise it next year?

Mr. POAGE. Yes.

Mr. QUIE. That is what has been wrong with the wheat program all along. He cannot do it now.

Mr. POAGE. No.

Mr. BREEDING. As I understand it, if the producer has no feed grain base, he could not get price support from the 10 acres or 10 percent.

Mr. QUIE. He cannot raise anything on that 10 percent the way the law is now. He cannot raise a thing.

Mr. ALBERT. He has to divert 10 percent.

Mr. QUIE. You said there was no feed grain base.

Mr. ALBERT. Is there any feed grain base he can get, or cannot get, under this bill?

Mr. QUIE. I cannot see right now how he could raise any barley on that 10 percent if he has no feed grain base.

Mr. ALBERT. Is this to apply to a farmer who has summer fallow wheat and who has a side crop and who raises grain sorghums? Is he going to participate in the grain sorghum program and take out 10 percent, or whatever it is, and, also, take out 10 percent of his wheat? Let us say he takes out 20 percent of his grain if the acreage is equal, or 20 percent of the grain sorghum, and plants barley in lieu of that much grain.

Mr. QUIE. This will allow him that amount in lieu of grain sorghum.

As I read this, he could do the whole thing. Let us suppose he had 100 acres of grain sorghum before, and under this bill could he not take his entire 80 acres and put it in barley? You have to reduce feed grain acres 10 or 20 percent and he could put his entire 80 acres in barley. I do not think that is right.

Mr. ALBERT. That is not a practical situation.

He would not have summer-fallowed that land. There would be no such animal as that. If he has been growing grain sorghum before this bill came along, he would not have summer-fallowed more than his wheat acreage unless he had habitually grown barley.

Mr. BREEDING. Barley is a feed grain.

Mr. QUIE. The purpose of having two programs, grain sorghums and another one for barley, is to prevent people in the corn and grain sorghum area who also raise barley, from getting a bigger acreage of corn and grain sorghums and idling all of their acres of barley and in that way raise more corn and grain sorghums. We have just the reverse true here in this other area where it is more profitable for them to raise barley, is it not, and then they put in their grain sorghums because for some reason or other they had a difficult winter for their barley or wheat.

Mr. BREEDING. Grain sorghums out-produce barley in my area.

Mr. POAGE. That is in your area but in Don's area the reverse is true.

Mr. BREEDING. He made the point that we are trying to do something to increase the production. This would not increase production.

Mr. QUIE. In 1959-60 the grain sorghum area had a bad winter and they were all trying out the sorghum crop and they got themselves a history of grain sorghum up in that area. Last year this was not true but in 1959 especially this was true. This would enable them to change from their grain sorghum history to barley.

Mr. ALBERT. That is possible.

Mr. REIFEL. Mr. Chairman, I would like to ask a question.

If this person has 100 acres of wheat and takes out 10 acres and gets an average of 20 bushels to the acre, that would be 200 bushels. Then he gets half of the \$2 an acre or 45 percent. He has this amount of \$180 probably for those 10 acres.

I do not know whether that figure is right but he gets paid half now and then he has the use of that money until next spring when he decides whether he is going to go into a feed grain program or whether he is going to cut back in feed grain land. If he elects at that time to do this, does he not get the use of this money throughout this period, without interest? How would that be handled?

Mr. ROONEY. If he does not meet the minimum requirement in the application, he would pay it back at 6 percent interest.

Mr. REIFEL. He pays back at 6 percent interest?

Mr. ROONEY. Yes, sir.

Mr. REIFEL. When was that put in?

Mr. ROONEY. That is in the application that just went to the printers.

Mr. REIFEL. This year in the feed grain program there was no interest charge?

Mr. ROONEY. The interest will apply where he does not meet the minimum requirements at all. It is completely out of the program. If he meets the minimum but fell a little short on other, on the addition he would have to return the money but there would not be any interest charge.

Mr. REIFEL. No interest charge under what circumstances?

Mr. ROONEY. If he meets at least the minimum requirements but fails to meet the total amounts he signs up for. In other words, in our illustration here if he decides on 30 acres and qualifies only for 25, why he would not have to pay interest in that situation. If he did not qualify for the 10, he would have to make the entire payment, return it at 6 percent interest.

Mr. QUIE. Would you yield just a minute?

Mr. REIFEL. Yes.

Mr. QUIE. Is that going to be true of the feed grain program next year, too?

Mr. ROONEY. I do not know.

Mr. SATTERFIELD. We have been thinking about the same thing on the feed grain program for 1962.

Mr. ALBERT. Under what authority does the Department do that?

Mr. SATTERFIELD. I did not understand your question.

Mr. ALBERT. Under what authority does the Department set an interest rate? Is there something in the statute?

Mr. ROONEY. Nothing specifically, Mr. Albert. It simply says it authorizes us to make advance payments, and we think it is a reasonable condition to getting the advance payments.

Mr. DOLE. Mr. Chairman, it seems to me that if the farmer signs the wheat application and diverts the maximum acreage and is paid

on that basis and he then goes ahead and plants barley and next spring he is required to pay interest, we are going to have some angry farmers in western Kansas.

Why can you not put on the application a declaration of intention to plant barley on some of these acres so that he will know what he might be able to expect?

Mr. ROONEY. He would not be out if he plants barley this fall. He will be out of compliance this fall if he plants wheat. All he has to do is not to exceed his permitted wheat acreage which was determined on the third day before harvest and then have an equivalent amount of acreage put into soil conservation practices that are above his average in 1959 and 1960. That is what he has to do here in his payments.

Mr. DOLE. How are you going to know whether you are going to pay him for wheat or feed grains, if he does not indicate what he is going to do with that land?

Mr. ROONEY. He either has to get in the feed grain program separately and the feed grain diversion, but even then he has to have enough additional conserving acreage to make up the diversion of both feed grains and wheat.

Mr. DOLE. The payment is different for wheat than feed grains?

Mr. ROONEY. Yes.

Mr. DOLE. What are you going to pay him this fall, on what?

Mr. ROONEY. This is a wheat program.

Mr. DOLE. What are you going to do next spring when he goes in and plants barley on this interchange proposition? Does he keep the wheat money and also the barley?

Mr. ROONEY. You come to a time when you will have to see what he has earned on the feed grain program and what he has earned on the wheat program.

Mr. DOLE. I still think there is authority—

Mr. ROONEY. There is no corn compliance on the wheat. If he can show that he met these requirements, he will get his wheat payment.

Mr. DOLE. This is primarily a conservation practice, and I think there is already authority under section 16(d) to do this administratively.

Mr. ROONEY. There is no question about that, but he could not mature the barley and get price support on it. He could even grow the barley and harvest it, but he would not get price support.

Mr. DOLE. He could sell it for cash and get the wheat payment?

Mr. ROONEY. Then he would have to make his diversion some other way.

Mr. SHORT. It just seems to me to get back to this basic subject that this wheat farmer is not being particularly discriminated against under the wheat program. If he wanted to protect himself to the utmost he could sign up for the full 40 percent retirement and receive the payment, or half of the payment, in advance; 45 percent of normal production for the first 10 percent and 60 percent of the normal production payment on the additional 30 percent. At the plowdown date he can make an election as to whether or not he wants to plow down that entire 40 percent, or the minimum of 10 percent. He has been paid rather generously for the land retirement. He has had this land seeded down to prevent blowing. I just cannot quite see that this is an undue discrimination against the wheat farmer in Floyd's particular area.

Mr. ROONEY. It is because he is caught here with more summer fallow land than he would have had if he had known about the program in time. It is not a real erosion problem.

Mr. SHORT. He can plant it to wheat. That is the very point.

Mr. ROONEY. I know, and that is the wheat he is going to have to plow up.

Mr. SHORT. But he is being paid at 45 percent of his normal production?

Mr. ROONEY. I understand, but he also has got land here he is going to put in the feed grain program and it does not seem unreasonable to let him trade milo acreage for the barley acreage. That is what this bill does.

Mr. SHORT. It then becomes a question of establishing to some degree at least that he is not particularly discriminated against under the present program. He can plant it to wheat if he wanted to and then plow down before, or by the plow down date next year, and get the land retirement payment. Here is something I would like to get clarified completely.

We talked about Malting barley a few minutes ago. If I understood Mr. Satterfield, it was not completely true that no Malting barley is raised in this area; is that right?

Mr. SATTERFIELD. That is correct.

Mr. SHORT. Do we open up a door here perhaps for someone to plant Malting barley on this retired wheat acreage, if it is a desirable practice to raise barley for malting down there?

Mr. SATTERFIELD. The only Malting barley raised in that area is the barley contracted for by Coors. I do not know of any Malting barley produced in the area which is not under contract.

Mr. SHORT. Is that true in most areas? A good share of that Malting barley is contracted?

Mr. SATTERFIELD. A good share elsewhere, but I think all of it in this area is produced under contract.

Mr. SHORT. The point I am trying to make is that this might encourage an expansion of the production of Malting barley down there if this was an opportunity that presented itself if we passed this bill.

Mr. SATTERFIELD. As I understand, Congressman Short, the type of barley that Coors uses is a different type than any other brewery uses. I am not too sure that we could find a desirable market for it if they produced beyond what they normally contracted for. It would go as feed barley.

Mr. REIFEL. Mr. Chairman, I would like to ask another question.

Don, maybe you can help me on this, as to discrimination against growers further south, Kansas, with the possibility of soil erosion. We would, there, have the same problem with that taken out of wheat production further north. The growers would be hurt just as badly up there and the farmer would have to meet this problem in the same way. I do not see any particular discrimination perpetrated upon the wheatgrowers in Kansas as well as the wheatgrowers in South Dakota and North Dakota.

Mr. SHORT. That is right.

The holding down of summer fallow land is maybe not as great but it certainly is a very real problem in our part of the country to provide some means of keeping the summer fallow land from blowing.

They usually use tillage practices rather than fall cropping. It is just not a winter grain area.

Mr. QUIE. If you would yield, from listening to this conversation it seems to me that a farmer now can elect this fall to plant the entire 100 percent in wheat and still get his advance payment on this 10 percent, leave it in wheat all winter long, until the time 30 days before harvest, and then plow under 10 percent of that land and get the rest of his payment. He can then get his price support and be in compliance.

That seems like a pretty good deal. I do not see why he needs any commission to plant barley on these acres when he is being paid to plow under his wheat.

Mr. BREEDING. I might point out that if they have a fairly decent growth of winter wheat or barley, this provision in the law would make him take out 10 acres of this that he could not pasture. This has to do with that.

Mr. QUIE. They are being paid for that?

Mr. BREEDING. He cannot pasture it if he is going to draw payment on it.

Mr. ROONEY. Under this bill, in addition to that, he gives you his milo acreage. That is the consideration he gives for this privilege. It is a privilege and there is no question about it, but that is what he gives up.

Mr. SATTERFIELD. I do not think there is a question of discrimination under the present language of the act. It is a question of whether or not we are going to get more than 10-percent participation on wheat and that is mandatory participation in that area. I talked to the Nebraska ASC State Committee yesterday and they indicated that something like this was needed if they were to get any more than the 10-percent mandatory participation. They stated that their farmers were in a bind as a result of the summer-fallow acreage on the farm being considered as soil conserving.

Mr. BREEDING. The wire I read to you pointed out that same thing in the State of Kansas ASC Committee.

Mr. SATTERFIELD. I had planned to call the Kansas State committee but did not have the time to do it.

Mr. BREEDING. This was signed by Mr. Egbert, the chairman of the State ASC committee.

Mr. POAGE. I also got a wire from the Kansas Farmers Union and also a wire from the Garden City Cooperatives Equity Exchange.

Mr. Cooley has a wire from Mr. Horning, Kansas Association of Wheat Growers. They all cover the same thing.

What amendments would the Department like to suggest?

Mr. SATTERFIELD. What we proposed was that, insofar as price support on barley was concerned, we would limit the barley acreage to the average for the 2 years. We have no objection, of course, to this interchange between barley and the other feed grains.

Mr. POAGE. You are going to get this thing so complicated nobody on earth will be able to follow it.

Mr. SATTERFIELD. We just did not want to hold out price support to them here and say, "Go to it," and get too much barley. I think Congressman Short pointed that out. We do not want to go too far in this thing.

Mr. POAGE. If barley is much more remunerative than grain sorghum or corn, then he is only going to have a barley base to cut from. On the other hand, in those areas, he is going to have a substantial corn or grain sorghum base and he is not going to want to shift to barley because he would not have had that corn or grain sorghum base unless corn or grain sorghum had been more profitable than barley; is that correct?

Mr. QUITE. He gets a chance to hedge.

Mr. POAGE. I think he sure has that. I agree with you. He has a double hedge there and he can look it over in the spring when the other fellow cannot. Whether you want to create this opportunity to look it over in the spring and see whether he wants to plow it under or not, I do not know. In some years, he looks it over in the spring and he may decide not to comply at all. You are going to lose a lot of complaints if he gets a good year.

Mr. SATTERFIELD. That was our other point, not permitting double cropping.

Mr. POAGE. How are you going to avoid that? I know what you would like to do, but what do you propose to do to achieve that?

Mr. SATTERFIELD. In the way of checking compliance?

Mr. POAGE. In the way of making a man make his selection in the fall? How are you going to say that in the bill? We have to write this in the English language and not just an idea passed around here.

Mr. SATTERFIELD. What we were thinking of was this: We would check compliance on the fall seeded grains much earlier than we would on the spring seeded crops. We would find that barley was there and when we went back later, we would find that it was gone and that the land had been put to other crop use.

Mr. POAGE. How are you going to have us write that so that that is what you are going to do? You cannot do that without legislation?

Mr. SATTERFIELD. That is correct.

Mr. POAGE. What do you want in the way of legislation? What do you want, Floyd?

Mr. BREEDING. Mr. Chairman, what difference would it make if you planted different crops? I cannot see your point.

Mr. SATTERFIELD. He takes his chances on whether he grows winter barley or grain sorghum for a feed crop. If we permitted him to do this, we are more or less giving him a certain degree of assurance that he is going to come out in the end with more feed grain than normally.

Mr. BREEDING. Exactly the same acreage.

Mr. SATTERFIELD. I know as far as acreage is concerned he is not going to plow the barley down and plant the land to another crop unless it is almost a total failure.

Mr. BREEDING. I have farmed most of my life and I know he is not going to do this. This is what he is going to do: If he has half a stand of barley, he is going to put some more barley in, but he is not going to plow it up and put in a new crop unless it has completely blown out. If it has, why object? Why not let him plant it to a row crop? If he does not plant to barley, he is going to plant in the spring, anyway, and I see no objection or argument to that at all.

I think you are completely wrong when you say it is going to increase feed grains. I say it is not going to increase feed grains. The barley acreage should become interchangeable with feed grain acreage. They should be allowed to plant it this fall because of this 10 percent reduction in wheat and this is probably the only year you will have this problem and this is a 1-year bill.

Mr. DOLE. It can be up to 40 percent?

Mr. BREEDING. It could go up to 40 percent; yes, sir.

Mr. DOLE. I agree with that.

Mr. SATTERFIELD. Yes, sir.

Mr. BREEDING. In this feed grain acreage, he could go up to 40 percent.

Mr. POAGE. I do not follow you when you say that the man is not going to plow up the barley crop.

Mr. BREEDING. To put in a grain sorghum?

Mr. POAGE. I have plowed up oat crops in order to plant something else but if I did not have a stand there and went through a dry winter and then in the spring it began to rain and it looked like I was going to make something, I would plow up those oats. They are not going to make much because I have not got any stand. I would plow them up and plant grain sorghum.

I do not know why you folks would not want to do the same thing.

Mr. BREEDING. We do not get that much rain.

Mr. POAGE. You do sometimes.

Mr. BREEDING. If this piece of ground blew completely out and there is no barley on it, then I want to plant grain sorghums.

Mr. POAGE. I know you would.

Mr. BREEDING. If there is half a stand or a third of a stand, I am not going to plow that up because it already has taken something out of this land and there would be a short row crop if you planted it to grain sorghums. The farmers would go in there and if they had half a stand and plant more barley but if it is completely blown out, we would plant it to grain sorghums. I do not think there should be any restrictions to keep me from planting.

Mr. POAGE. How many bites at the cherry are we going to give you?

Mr. BREEDING. Mr. Chairman, I am not asking for any special favors at all. The only thing I want to do is to cover this 10 acres or 10 percent to keep it from blowing this winter. I feel that I will not raise any more bushels of grain than was ever raised on these acres before, if this is what you are concerned about, overproduction of grain sorghums, or feed grains. I do not think this bill will increase feed grain production.

Mr. SATTERFIELD. Of course one of the objectives of the program is to conserve the soil. Where you plant fall barley on the land and it does not come through the winter, you are not conserving the soil if you allow it to be plowed up in the spring and the land planted to sorghums. You could plant the sorghums elsewhere on the farm. You do not necessarily have to harvest a crop from this particular piece of land.

Mr. BREEDING. I think perhaps we ought to amend this bill to limit it to 40 percent? If your reduction is 40 percent, I think you should be limited to that 40 percent.

Mr. REIFEL. Mr. Chairman, what would be the effect of not precluding any advance payment on this land taken out of wheat, 10 percent, or 40 percent, until the following spring when he makes up his mind, and substitutes that?

Mr. SATTERFIELD. That is a bit different from what we would propose to do on such a farm. I think you would be discriminating against that individual as compared with his neighbor. Maybe he needs the advance payment more than his neighbor because he has gone to the expense during the past summer of intensively tilling his summer fallow land.

Mr. POAGE. Folks, we are getting into a terrible hassle on something that looked like it was not important. Certainly it is not so complicated but if we continue we are going to be pretty fouled up on this.

I wonder if we can hear from Mr. Dyess. He is supposed to be an expert.

Mr. DYESS. Thank you, Mr. Chairman.

Mr. POAGE. Tell us simply how this ought to operate.

Mr. DYESS. All right.

I think for it to operate simply would be to leave it just exactly the way it is, as proposed in H.R. 8914.

Mr. POAGE. That will be simple, but you will have all of this proposition of giving a man three chances where his neighbor only gets one, will you not?

Mr. DYESS. Let me explain just a little bit.

As I understand the situation, at the present time these farmers out in this particular area are planting their wheat right now and they are planting their barley. I understand that within the next few days, they are going to plant that ground in barley, anyhow, regardless of what this committee does.

The question comes as to whether or not they are going to be able to comply with the feed grain program next year, the 1962 feed grain program. They are going to have that barley planted this fall in order to protect their land and if this amendment is adopted, the chances are that there will be greater diversion from wheat and more of the acreage planted to barley. If it is not adopted, they will plant 90 percent wheat and the rest of the land they have prepared for seed they will plant in barley.

If this amendment is adopted then next year they can divert their grain sorghum acreage and reduce by 20 percent the total feed grain production. If this bill is not passed, as I see it, they are going to plant their full 100 percent of their feed grain production.

The thing boils down to just that simple. If this is passed we will get a 20 percent reduction in feed grains.

If it is not passed, we will not get any reduction of feed grains in this area.

As far as whether the man gets two shots at it, I think it would be an impossible job of administration because some farmers out there traditionally plant a cover crop and then plow it up and plant feed grain sorghums in the same, or in some, areas. That is true in some parts and not other parts. It is also traditional that if they have their land blown out, they have to put something on it to hold it and they will put a grain sorghum crop on it but whether you write into this a restriction on planting this land to sorghum, let us say if it

blows out, there again you would be precluding him from participating in the feed grain program and getting any reduction.

If the land blows out, he is going to plant it in order to protect it. If he is precluded from participating in the feed grain program, he will go ahead and plant the rest of his land to get as much crop as he can.

If he has an opportunity to participate without it costing him too much money, then I think our farmers want to do it. They are not going to suffer a substantial loss in income in order to participate in the feed grain program.

I think that the bill as drafted will give them the opportunity to participate and it will result in a substantial reduction of feed grains.

Mr. REIFEL. Mr. Chairman?

Mr. Dyess, did you help draft this?

Mr. DYESS. Yes, sir, I did.

Mr. POAGE. Hyde, what is your view of this?

Mrs. GALLAGHER. I just told him I know less about wheat than he does about tobacco.

Mr. MURRAY. Did you want to hear my thoughts in regard to policy or legality?

Mr. POAGE. Well, you are the lawyer here.

Mr. DOLE. This is a farm bill and lawyers are not supposed to know anything about farm bills.

Mr. POAGE. That is what we are paying lawyers for.

Mr. MURRAY. No 1, there is no question about it. It will increase barley production as far as I can see.

Mr. POAGE. It will do what?

Mr. MURRAY. It will increase barley production because you will allow farmers to grow barley on farms that never had any barley history in 1959 and 1960.

Mr. ALBERT. How do you square that with what Mr. Dyess said? It is a question of whether or not they will participate in the feed grain program. We are going to get this 10 percent planted in barley and it is going into the market.

Mr. MURRAY. I do not know what the climatic conditions are this year.

Are they any better now? Why have not these folks planted barley before?

Mr. DYESS. They are going to plant it this year. The moisture is good this year and they are going to plant it to barley. I talked to quite a few of them yesterday, and in fact last night, to find out what they were going to do. The word I got was that they are going to plant barley this fall and a lot of them have some barley base, and some sorghum base. They got the sorghum base in 1959 when the barley blew out and this did not produce any barley and they planted it to sorghum. That is where they picked up the sorghum base in some of that area.

Mr. POAGE. Suppose that barley does not do good this fall? Suppose they have a dry winter and next spring you do not have any barley to speak of as a result of this? Everybody then is going to get into the feed program; is he not?

Mr. DYESS. Yes, sir.

Mr. POAGE. They will put 40 percent of the land in if it is real dry next spring?

Mr. DYESS. That is right. They are going to do it—

Mr. POAGE. So you will get a big reduction if you have a dry year and you will have that, whether we pass this bill or not?

Mr. DYESS. That is correct.

Mr. POAGE. On the other hand, if it comes to a wet winter and you have both wheat and barley looking good next spring and then comes grain sorghum planting time, mighty few people are going to plow up?

Mr. DYESS. They will not plow it up.

Mr. POAGE. But they are going to have moisture in the ground and they are going to plant grain sorghum too because if a farmer has moisture in the ground, I guess up in your country about the first of May, if he has moisture in the ground he is going to plant that grain sorghum; is he not?

Mr. DYESS. I do not think he will.

Mr. POAGE. You do not?

Mr. DYESS. If he could participate in the feed grain program as such, I think he will get a lot of participation in the feed grain program.

Mr. POAGE. I think nine-tenths of the decision will depend on how the moisture is.

Mr. DYESS. I would have to say that that would have an influence on it.

Mr. JONES. Is this developing into an insurance program?

Mr. POAGE. I know it does.

Mr. DYESS. That same question will rise whether this bill is passed or not.

Mr. POAGE. That is correct, whether this bill is passed or not.

I think that your compliance in the grain sorghum program or feed grain program is going to depend, at least in large part, on the amount of moisture available and the prospects for that for the summer crop.

Mr. DYESS. I would say this: A large number of the producers out there recognize the problems agriculture is facing and they are willing to cooperate.

Mr. POAGE. You do not know anybody willing to cooperate in a loss, do you?

Mr. DYESS. No, but they are getting a fairly substantial benefit for it. They are getting a better payment on the feed grains than they are on the wheat.

Mr. QUIE. Do you mean 45 percent of the price of wheat is lower, or 50 percent of the price of wheat is lower?

Mr. DYESS. The average yield of land; I could not answer that question.

Mr. DOLE. Do you see any difficulties that might confront the farmer on this payment business?

They are paid this fall and then—

Mr. DYESS. I do not see any at all on that, because after you check compliance they are going to have to see what the total amount of payment is, and I am reasonably sure they are going to participate in the wheat program, to at least a very limited extent. Their payment on this is only half of what they have signed up for and I do not know

when the advance payment would be made on the feed grain. I presume it would not be made until spring, after the farmers will know what they have got and what they are going to do.

Mr. POAGE. Gentlemen, we have spent an hour and a half on this and have become thoroughly confused.

Mr. ALBERT. Let us go into executive session.

Mr. POAGE. I guess we might as well go into executive session.

Do you have anything further to offer, Mr. Dyess? We will be glad to have it. This mumbling around here is not going to get us anywhere.

Mr. SATTERFIELD. I might make this further statement, Mr. Chairman:

We agree with most of what Mr. Dyess has said. The only difference is whether we should offer price support on the entire barley production of the farm if the producer diverts all of his feed grains to barley.

In other words, take up the land on barley where he had only a small history of barley, and we offer him——

Mr. ALBERT. I do not have an amendment to offer, or anything. We are just talking in generalities.

I think we ought to get an amendment and then discuss it or turn it loose.

Mr. SATTERFIELD. I would propose something like this: Provided that price support on barley produced on such farms shall be made available only to the extent of the normal production of the average acres diverted to barley on the farm during the 2-year base period.

Mr. POAGE. Normal production for the 2 years?

Mr. SATTERFIELD. Yes, sir.

Mr. POAGE. I think that kind of amendment would be desirable. What do you say, Mr. Dyess?

Mr. DYESS. I think that would be all right.

Mr. ALBERT. That would limit it.

Mr. POAGE. The committee will go into executive session.

(Thereupon, the committee went into executive session at 11:30 a.m.)



when the advance payment would be made on the first grain. I presume it would not be made until spring after the farmers will know what they have got and what they are going to do.

Mr. Loomis. Gentlemen, we have spent an hour and a half on this and have become thoroughly confused.

Mr. Alderman. Let us go into executive session.

Mr. Loomis. I guess we might as well go into executive session. Do you have anything further to offer, Mr. Dyess? We will be glad to have it. This rambling around here is not going to get us anywhere.

Mr. Dyess. I might make this further statement, Mr. Chairman:

Mr. Dyess. I am sure of what Mr. Dyess has said. The only differ-

ence is whether we should offer protection in the future barley production of the farmers of the production of the first grain to barley.

Is there a vote taken on the land on barley? There is a small history of barley and we offer him—

Mr. Alderman. I do not have an amendment, I think of anything. We are just talking in generalities.

I think we ought to get on immediately and then we can if we can it soon.

Mr. Dyess. I would propose a meeting for this. I would like to give support on barley production and suggestions shall be made available only to the extent of the normal production of the average acre devoted to barley on the farm during the 2-year period.

Mr. Loomis. Normal production for the 2 years.

Mr. Dyess. Yes, sir.

Mr. Dyess. I think that kind of amendment would be desirable.

What do you say, Mr. Dyess?

Mr. Dyess. I think that would be all right.

Mr. Alderman. That would limit it.

Mr. Loomis. The committee will go into executive session at 11:30 a.m. (Thereupon, the committee went into executive session at 11:30 a.m.)



