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MISCELLANEOUS

GOVERNMENT

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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

CONTINUATION OF CURRENT DAIRY PRICE SUPPORT LEVEL

H.J. RES. 613 AND 614, FEBRUARY 6, 1962

IMPORTATION OF ADULT HONEYBEES

H.R. 8050, FEBRUARY 8, 1962

ADDITIONAL FACILITIES FOR RESEARCH AT STATE
AGRICULTURAL EXPERIMENT STATIONS

H.R. 890, MARCH 5, 1962

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(See list page 119)

MARCH 19, 1962

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(See list page 169)

MARCH 19, 1962

Serial FF

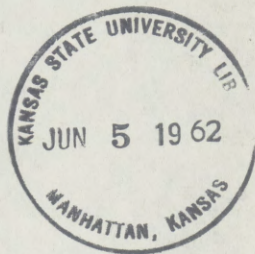
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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE

COMMITTEE ON AGRICULTURE

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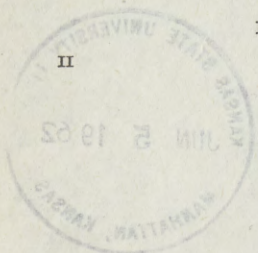
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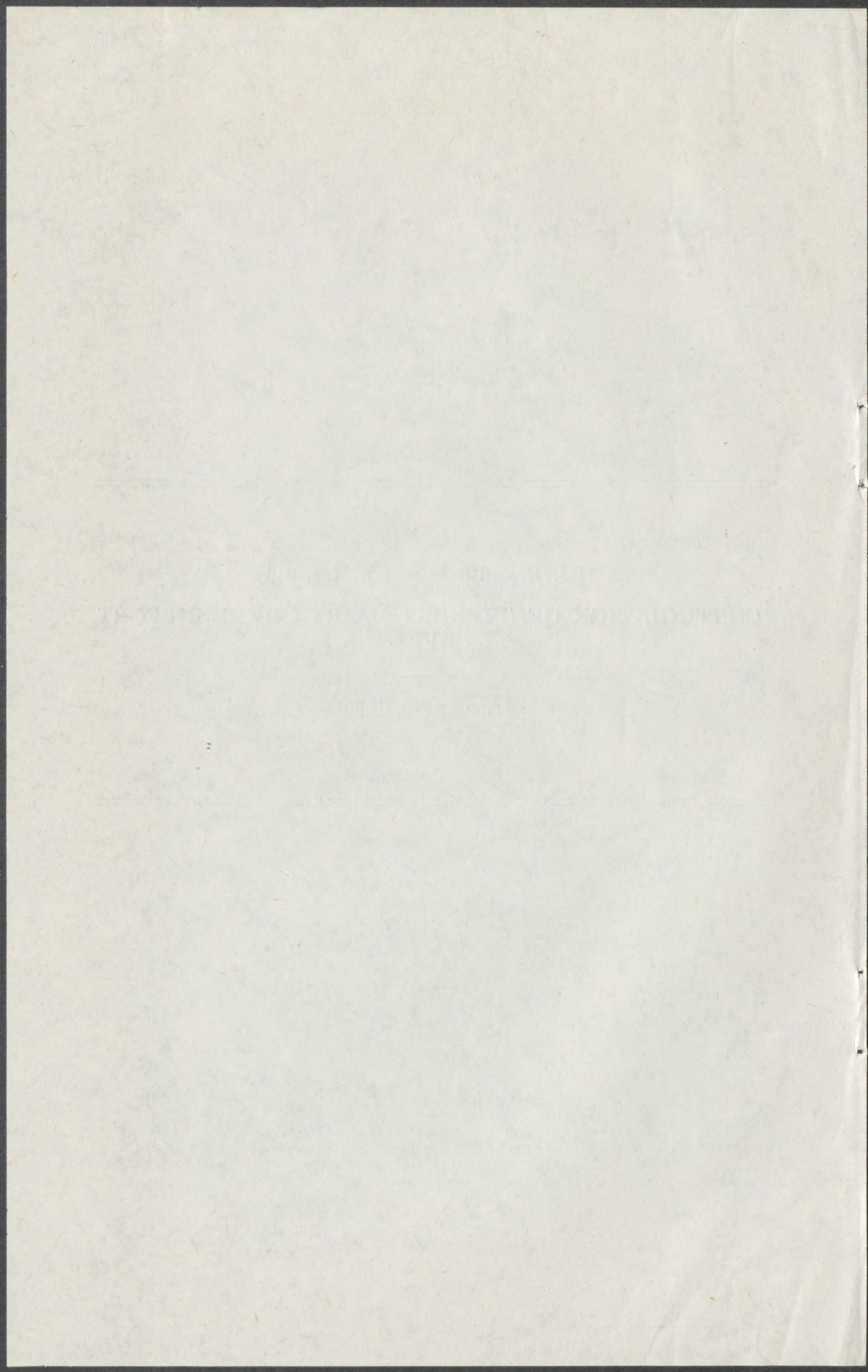
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H.J. RES. 613 AND H.J. RES. 614

CONTINUATION OF CURRENT DAIRY PRICE SUPPORT
LEVEL

FEBRUARY 6, 1962





CONTINUATION OF CURRENT DAIRY PRICE-SUPPORT LEVEL

TUESDAY, FEBRUARY 6, 1962

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Martha Hannah, staff member, and John Heimbürger, counsel.

Mr. POAGE (presiding). The committee will please come to order. The chairman is going to be detained a few minutes. We will get started.

Senator Proxmire is our first witness. We are glad to have you with us, Senator Proxmire.

This meeting is to consider House Joint Resolution 613 and House Joint Resolution 614, to continue for an additional 9 months the current support price for milk and butterfat.

We will now hear Senator Proxmire of Wisconsin, who will give us his views on this. The resolutions will be made a part of the record at this point.

(H.J. Res. 613 and H.J. Res. 614 follow:)

[H.J. Res. 613, 87th Cong., 2d sess.]

JOINT RESOLUTION

JOINT RESOLUTION To continue for an additional nine months the current support price for milk and butterfat.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201(c) of the Agricultural Act of 1949, as amended, is amended by striking out the second sentence thereof and inserting the following: "Notwithstanding the foregoing provisions, for the period beginning April 1, 1962, and ending December 31, 1962, the price of milk for manufacturing purposes and the price of butterfat shall be supported at \$3.40 per hundredweight and 60.4 cents per pound, respectively."

[H.J. Res. 614, 87th Cong., 2d sess.]

JOINT RESOLUTION To continue for an additional nine months the current support price for milk and butterfat.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201(c) of the Agricultural Act of 1949, as amended, is amended by striking out the second sentence thereof and inserting the following: "Notwithstanding the foregoing provisions, for the period beginning April 1, 1962, and ending December 31, 1962, the price of milk for manufacturing purposes and the price of butterfat shall be supported at \$3.40 per hundredweight and 60.4 cents per pound, respectively."

STATEMENT OF HON. WILLIAM PROXMIRE, U.S. SENATOR FROM
THE STATE OF WISCONSIN

Senator PROXMIRE. Mr. Chairman and members of the committee, I enthusiastically support the resolution recommended by the President to maintain the price of milk at present support levels until at least the end of this year. All of us with an interest in developing sound and fair programs for dairying are grateful to this committee for so promptly holding this hearing on the resolution, thus paving the way for swift action in both Houses of Congress.

Enactment of this resolution is imperative to give dairy producers all over our Nation time to come to grips with the grim situation that has developed in the past year. In 1961 for the first time in our history, consumption of milk and milk products fell absolutely by 3 billion pounds, at the same time that milk output maintained its normal yearly increase. The resulting gap between what was produced and what was consumed has led to a sharp increase in acquisition of dairy products by the Commodity Credit Corporation. Stockpiles of cheese, dried milk, and butter are now at such levels that the President will be required by law to lower the support price to 75 percent of parity on April 1, since he is empowered to hold prices above that level only to assure an adequate supply.

It is important to emphasize that the fall in consumption this past year was totally unexpected. It was far, far greater than any decline that could reasonably have been predicted. The rise in CCC acquisition costs for dairy products is almost entirely due to the drop in consumption. Even dropping the support price below \$3 per hundred-weight—which the law, of course, does not permit—would only reduce acquisition costs slightly. And such a decrease would spell disaster for dairy farm income.

Maintaining the price support at present levels for a further 9 months will give dairy producers an opportunity to deal with this very serious problem. The enactment of this resolution will drive home the alternatives facing the dairy industry to everyone involved.

During the coming year dairy farmers will have an opportunity, working cooperatively with the Congress and the Department of Agriculture, to develop a program which will maintain their incomes without creating an unwieldy surplus, while continuing the flow of high-quality milk and milk products at reasonable prices to consumers.

If the resolution is not passed, milk receipts will plummet disastrously. Farmers will be "hit out of the blue" with a punishing unexpected drop in income—before they have even had a chance to develop, consider, and approve a workable program. And no Member of Congress will be able to escape the big fact that dairy product acquisition costs will continue to be burdensome.

The implications of such a catastrophic drop in farm income for our Nation's economy would be most serious. For the Nation as a whole, milk returns more than twice the cash income of any other agriculture product. Consequently the repercussions of failure to continue price supports at least for an interim period would be widespread. For the economy of my State of Wisconsin the consequences of refusal to pass this resolution would be devastating.

All Americans have an interest in the dairy industry. Just as the nourishment of milk contributes to the physical health of our people, so the economic well-being of the industry plays a major role in our Nation's prosperity. Dairy farmers have been left far behind in the recent advances in income levels by nearly all sectors of our economy. Permitting milk prices to fall to disaster levels without giving dairy-men even one chance to work out a sound program to cope with the problem of overproduction would be a grave injustice. Accordingly, I hope this committee will pass the resolution recommended by the President without delay.

Mr. POAGE. Before we ask if there are any questions of Senator Proxmire, I am going to declare a recess for just a moment.

(Short recess taken.)

Mr. POAGE. Does anyone want to ask Senator Proxmire any questions?

Mr. ABERNETHY. I do not exactly understand the need for the resolution. The Secretary has the authority now to fix the level of price supports up to 90 percent.

Senator PROXMIRE. He has no discretion under the law at all.

Mr. ABERNETHY. And if it reaches that, it has to be reduced.

Senator PROXMIRE. He has to reduce—he cannot elevate price supports above 75 percent beginning April 1, unless it is necessary to assure an adequate supply of milk to the consumer. Now it seems apparent, in view of the fact that we had—pardon me—

Mr. ABERNETHY. I understand that is the law, but with all deference, that is a matter of determination by the Secretary, is it not?

Senator PROXMIRE. It is, indeed; yes.

Mr. ABERNETHY. He did not announce that it will be reduced; did he?

Senator PROXMIRE. It is my understanding that the Secretary may reduce it, and it seems to me that—

Mr. ABERNETHY. He will reduce it?

Senator PROXMIRE. I cannot speak for the Secretary. It seems to me that he would be constrained under the law—under any kind of an interpretation of the law—he would have to reduce it to 75 percent, in view of the experience last year, and the clear expectation this year. That if he did not reduce it he would encourage, once again, a surplus production, and there would be ample supplies at 75 percent of parity.

Mr. ABERNETHY. Thank you.

Mr. POAGE. Mr. Short.

Mr. SHORT. I would like to ask you just this one question, Senator Proxmire. I am not quite sure why the 9 months extension is before us, in view of the present farm bill that is before us. Why do we need to extend it for 9 months?

Senator PROXMIRE. I do not think that there is any magic in the 9 months. It is just my understanding that there may be some delay. I know that it is my own experience on the Committee on Agriculture in the Senate—you House Members are more expeditious than we are—that we sometimes delay and debate and discuss, and then somebody insists on additional hearings, and the session may drag out before we know it and it is August before we pass the program, and then we have to give the farmers a chance to vote and to play

it safe, I presume that the Secretary suggested December 31. I cannot see any objection to shortening that, but I think it wise to give it as much time as possible.

Mr. SHORT. Would you say that a 3 months extension would accomplish the objective we hope of getting beyond the time that Congress will act? Maybe the new program for the dairy farmers would reveal the fact that there would not be any reason for the 9 months extension.

Senator PROXMIRE. I think that it may be shortened. I am not sure that 3 months would be adequate. That would only carry it over to July 1.

Mr. SHORT. You are more pessimistic.

Senator PROXMIRE. A little more pessimistic. I think that you gentlemen are always more expeditious.

Mr. SHORT. Thank you.

Mr. POAGE. Mr. Latta.

Mr. LATTA. Senator Proxmire, as I understand the dairy situation now—and I might be wrong in my understanding—we have a surplus of dairy products at the present time, is that right?

Senator PROXMIRE. Correct.

Mr. LATTA. And we are proposing this legislation to attempt to reduce those surplus stocks.

Senator PROXMIRE. Well, I think that the President—

Mr. LATTA. The President has suggested that we reduce them.

Senator PROXMIRE. He has suggested principles on the basis of which the Congress may draft legislation to provide an opportunity for the dairy farmer, if they choose to do so, to limit their production.

Mr. LATTA. This buildup, apparently, has come under the same program that you are asking to be extended for 9 months, has it not?

Senator PROXMIRE. Well, as I expressed in my statement the buildup has not been because of an unexpected or unpredicted increase in production. It has been because of a wholly unexpected and a very sharp drop in consumption. I think that no one would accuse any administration, Republican or Democratic, as being responsible for people's milk drinking habits.

I think the main problem here has been a problem in consumption.

Mr. LATTA. I think that we are actually getting more surpluses, although we have an increase in population.

Senator PROXMIRE. The production, that is, the 1½ percent rise in production, if per capita consumption continued at the same level, would have been taken off the market, because the population increased by about the same amount. The increase in production has been fairly consistent with the experience we have had in past years.

Mr. LATTA. It would seem to me then that this Congress should take some action on the new program. That the only reason for asking for the 9 months extension is that it will probably take that long for the Congress to act.

Senator PROXMIRE. That is part of it. And part of it is how long it will take to work out a fair program and apprise the farmers of the issues and get the machinery set up.

I am not familiar with how long that would take, but I think that would, probably, take some time. This is the first time a dairy farmers would have ever voted in this kind of a referendum. And

there are so many more dairy farmers than there are in some other commodities, that I think it might be better to provide more time than to abbreviate the time.

Furthermore, if this resolution expired on July 1 or August 1 and it were impossible to work out a referendum for the farmers in the meanwhile, it would mean that the farmers would be voting under circumstances where their prices had been reduced by the Secretary of Agriculture under his interpretation of the law. Therefore, it might be interpreted by some as bludgeoning the farmers to vote for quotas.

Mr. LATTA. Under any new program, do you think that the support price would be higher than \$3.40 per hundredweight, or do you think that it might be lower?

Senator PROXMIRE. Well, it is my understanding that the limit would be 90 percent which, of course, would be higher. The present level is about 83 percent of parity. It would be another 10 percent, perhaps, higher than at the present time. It might go up as high as \$3.70 or \$3.80.

Mr. LATTA. That is not what the support price would be.

Coming back to the question, do you not think that in any new program that will be passed and put into effect by the Secretary of Agriculture that the support price would be less than \$3.40 per hundredweight?

Senator PROXMIRE. Well, frankly, Mr. Latta, I want to be completely honest with you. I would earnestly hope that it would not be that consequence, because if you are going to reduce the production of our farmers which they would have to do under the proposed long-range program and then are going to keep their prices at the present level, it would mean that their inadequate gross income would be even lower, of course. And in view of the fact that our farmers have an income of 60 or 65 cents an hour, giving them a 4 percent return on their invested capital, and their efficiency is greatly increased, it seems to me that there is just no economic justice in forcing their income even lower.

I would foresee therefore, honestly an increase in the price that the farmers would receive.

I would, certainly, earnestly hope for one.

Mr. LATTA. You say that you would hope that the price support would be more than \$3.40. My question is not what you would like it to be, but what do you think it would be?

Senator PROXMIRE. Well, I would expect that—of course, we have not worked out the details for this, I just do not know really what we are talking about—but I would expect that the farmers would be given an alternate to vote for a reduction in production with, at least, the possibility to maintain their current income, whereas if they did not vote for it they would suffer a sharper drop in their price, but have freedom to produce as much as they wished to produce. So there would be a fair choice. Otherwise, if you say that they are not going to be able to go above \$3.40, you will have a united vote against a limited production which would be disastrous in the long run—disastrous for the farmer and the economy.

Mr. LATTA. That would be expected if it should go above that, but where the Secretary of Agriculture might set it, would be different.

Senator PROXMIRE. Well, as I say, we have not worked out the details of it. And I am not sure how that would work.

Mr. LATTA. Thank you. That is all.

(Chairman Cooley assumed the chair.)

The CHAIRMAN. If there are no more questions, we thank you, Senator, for giving this committee the benefit of your views on this matter.

Senator PROXMIRE. Thank you very much. I appreciate this opportunity of being here.

The CHAIRMAN. Our next witness is Mr. Robert Lewis. We shall be glad to hear from you now on these resolutions which are before us.

Mr. LEWIS. I would like to call on Mr. Harlan J. Emery, who is the Chief of our Dairy Branch in the Livestock, Dairy, and Poultry Division and Mr. Anthony S. Rojko, who is the head of the Price Research and Methods Section of the Economic and Statistical Analysis Division, of the Economic Research Service of the Department, to sit at the table with me. They have many figures at their command which I do not have, and which may be used to supply answers to questions from the members of the committee.

The CHAIRMAN. All right, they may sit with you.

**STATEMENT OF ROBERT G. LEWIS, DEPUTY ADMINISTRATOR,
PRICE AND PRODUCTION; ACCOMPANIED BY HARLAN J. EMERY,
CHIEF, DAIRY BRANCH, LIVESTOCK, DAIRY, AND POULTRY DIVI-
SION; AND ANTHONY S. ROJKO, HEAD, PRICE RESEARCH AND
METHODS SECTION, ECONOMIC AND STATISTICAL ANALYSIS DIVI-
SION, ECONOMIC RESEARCH SERVICE, AGRICULTURAL STABILIZ-
ATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF
AGRICULTURE**

Mr. LEWIS. Mr. Chairman and members of the committee, my name is Robert G. Lewis, and I am Deputy Administrator for Price and Production, Agricultural Stabilization and Conservation Service of the Department.

House Joint Resolution 613 and 614 would amend section 201(c) of the Agricultural Act of 1949, as amended, in order to extend through December 1962 the current support prices of \$3.40 a hundredweight for milk and 60.4 cents a pound for butterfat in farm-separated cream.

The Department of Agriculture strongly recommends the immediate enactment of the resolution. Such a resolution was recommended by the President in his message to Congress on January 31 in order to prevent disruption of markets and grave impairment of the incomes of milk producers while the new legislation he has recommended is being considered and implemented. The new legislation would maintain the income of dairy farmers under a supply management program and would reduce budgetary expenditures for dairy price supports.

The reasons for recommending the new legislation are set forth in the President's message and the proposed legislation is contained in the Food and Agriculture Act of 1962 (H.R. 10010) introduced on January 31. The Department will testify on this bill when hearings are held on it. Therefore, I will confine my remarks to the urgency of immediate enactment of Joint Resolutions 613 and 614.

In his message the President pointed out that, under the present law, the Secretary of Agriculture is not authorized to set the price-support rate for milk above 75 percent of parity unless he determines

it to be "necessary in order to assure an adequate supply," and that, under this law, in the present supply situation, the reduced support price must be announced for the marketing year beginning next April 1.

Milk production in December 1961 was at a record rate for that month and 2.6 percent greater than a year earlier. The prospects are for a further increase in production in 1962. As yet there are no indications of significant improvement in the consumption of milk and its products in commercial outlets which decreased in 1961.

If the support prices are reduced to 75 percent of parity, there is no question but what market prices will decline and returns to producers will decrease. This will seriously impair the incomes of dairy farmers from sales of milk products which constitute one of our most important sources of food nutrients and are a major source of cash farm income.

The resulting decrease in dairy farmers' cash income probably would be between \$250 and \$300 million, two or three times the likely decrease in program expenditure.

A temporary decrease in support level also would disrupt the normal seasonal storage and marketing of dairy products. Substantial quantities of dairy products normally are stored commercially during the spring and summer months of seasonally large production, and are moved into the consumer markets along with the lighter production during the winter. It also should be noted that the industry normally carries a large inventory of cheese for proper curing and aging.

We recommend immediate passage of the resolution in order to remove the uncertainty as to the support level after April 1. This also would prevent larger sales to CCC from industry inventories before March 31 than will be the case if the resolution is enacted promptly.

The CHAIRMAN. Thank you very much. Are there any questions? Mr. Gathings.

Mr. GATHINGS. Mr. Lewis, will you furnish for the record the volume of milk and milk products now on hand, as of today, or, as of the first day of January 1962, as against the first day of January 1961? Do you have those figures here?

Mr. LEWIS. Yes, sir. We can get those figures for you.

On December 31, 1960, there were 15.9 million pounds, and on December 31, 1961, 150 million pounds of butter uncommitted in CCC inventory.

Mr. GATHINGS. Let us get that figure now. There were 150 million pounds on December 31, 1961, or is that 1960?

Mr. LEWIS. December 31, 1961—150 million pounds. That is butter.

Mr. GATHINGS. Butter?

Mr. LEWIS. Yes.

Mr. GATHINGS. What about milk?

Mr. LEWIS. The figure for butter, for the year before, December 31, 1960, was 15.9 million pounds.

Mr. GATHINGS. 15.9 million a year earlier?

Mr. LEWIS. Yes.

Mr. GATHINGS. As against 150 million?

Mr. LEWIS. That is as of last December 31, yes.

Mr. GATHINGS. What about dried milk?

Mr. LEWIS. For dried milk, the figure for December 31, 1960, was 177.4 million pounds. And the figure for December 31, 1961, was 186.1 million.

Mr. GATHINGS. What about cheese, Mr. Lewis, do you have the figures on cheese?

Mr. LEWIS. There was no cheese on December 31, 1960, and 54.1 million pounds December 31, 1961.

Mr. GATHINGS. You have a situation where there has been an appreciable increase in the production in recent months under the new support level; has there not been?

Mr. LEWIS. The increase in production in 1961 over 1960 was about 1.5 percent—about $1\frac{1}{2}$ percent.

Mr. GATHINGS. But at the end of the 1959—what about that against 1960—was there a plus or a minus?

Mr. LEWIS. About eight-tenths of 1 percent increase.

Mr. GATHINGS. So there has been an increase. An increase of between 1 and 2 percent is appreciable when it comes to milk products; is that not true—that is quite a lot, an increase of between 1 and 2 percent?

Mr. LEWIS. Yes, sir. It has an important effect on the market. However, I would point out that the population growth in both years, both in 1960 and in 1961, was greater than the increase in the production of dairy products.

Mr. GATHINGS. What effect will this program have in areas in which we have been increasing our milk output in the last, say, 24 months, but where 5 years ago we did not have any such figure as we have today in milk products? If we are going to have controls—if it is necessary to have controls—there are areas of the country where in recent months we have been increasing our output of these products where 3 or 4 or 5 years ago or 6 years ago or 7 years ago there were only a few dairy farmers.

Mr. LEWIS. Mr. Gathings, are you directing your remarks, or your question, to the long-range legislation proposed by the President or to this joint resolution?

Mr. GATHINGS. I am thinking about the situation in the future, the pattern for the future in these areas, for the farmers there—outside the Midwest territory that has always been referred to as America's dairyland.

Mr. LEWIS. Well, in the long-range legislation that is proposed in H.R. 10010 the provision would be made for increasing the allotments each year in accordance with the anticipated increase in consumption, so that production would expand in line with the increase in consumption each year.

Mr. GATHINGS. Do you not think that it is a little bit out of line to ask this committee to approve a resolution for a period of some 9 months for a price support level which is producing continued surpluses in dairy products?

Mr. LEWIS. Mr. Gathings, the President's purpose in recommending this resolution, and the Department's purpose in supporting it is to prevent a disruption of markets while the long-range legislation is being considered which could maintain prices at or above the present level and, also, to prevent the very severe shock to farm income that would take place.

Mr. GATHINGS. At the conclusion of this year, starting a new year of 1963, what would be the position, would you still want to maintain a \$3.40 level?

Mr. LEWIS. Well, the administration would hope that the new program would have been enacted and would have been put into operation; and, therefore, would permit or provide a means for maintaining farm income at a more satisfactory level, with much reduced cost to the Government.

Mr. GATHINGS. But if you are going to put controls into effect you would still have less income on the part of the farmers, because the production will, of necessity, have to be cut back.

Mr. LEWIS. His price can be improved sufficiently to offset the loss in volume under such a program.

Mr. GATHINGS. What price do you think would be required to maintain that income?

Mr. LEWIS. The Department has not, of course, and could not until the time comes and the circumstances are then known, determine just what the price support rate would be if this new legislation is adopted. The legislation would authorize establishing the price support rate as close 90 percent of parity as feasible in the light of current market conditions then prevailing. The Department's position would, certainly, be that prices would be not lower than \$3.40. And if market conditions permit at all, at least enough higher to maintain farm income, to avoid reducing farm income because of the reduction in marketings that would be provided. I do not think there would be much difficulty.

Mr. GATHINGS. How much would the program cost?

Mr. LEWIS. The present program—expenditures in 1962, in the year expiring at the end of June this year—will be around \$500 million for buying dairy products.

Mr. GATHINGS. Thank you. No more questions.

The CHAIRMAN. Mr. Matthews.

Mr. MATTHEWS. If this resolution is passed, Mr. Lewis, do you anticipate that the total cost to the Department could be more or less for the remainder of this calendar year?

Mr. LEWIS. The cost for the whole year, of course, we would hope would be less, because it should be possible to get the new program into effect within the 9 months' extension.

Mr. MATTHEWS. What I was trying to do was to assess the impact of this resolution on the cost of the program. Would the passage of this resolution cost the Department more money or less money?

Mr. LEWIS. The rate of cost, that is, the cost per month, you might say, would be greater this year than it has been in the past year. If we were to continue the \$3.40 level of support for a full marketing year we anticipate that the costs would rise above \$600 million compared to \$500 million in the current fiscal year, but we would hope that the cost would not need to continue at this rate for even the full 9 months of the extension if we get new legislation, so that for the whole year the costs should be brought under the \$600 million level if we get a new program.

Mr. POAGE. I would like to have the gentleman give us a little background on this matter. As I understand it, while the population increased, the consumption of milk has not increased; is that right?

Mr. LEWIS. That is right.

Mr. POAGE. Therefore, so far as absorbing any increase in production in the last 2 years that we have had, it has been meaningless; that is, the increase in population.

Mr. LEWIS. The population increase was something under 2 percent and the total consumption declined about 3 billion pounds, which is about 2½ percent.

Mr. POAGE. Within what time—do you mean the last year?

Mr. LEWIS. This is in 1961; yes, sir.

Mr. POAGE. How long has this reduction in consumption been going on? It started 2 or 3 years ago, did it not?

Mr. LEWIS. It has been going on for some time, particularly in the case of butter since World War II, I think.

Mr. POAGE. There has not been any appreciable reduction in the total consumption of milk since World War II, has there?

Mr. LEWIS. No, sir.

Mr. POAGE. When did the total consumption of milk begin to decline?

Mr. LEWIS. 1961 was the first year.

Mr. POAGE. That was the first year that there was an overall reduction in the consumption of milk?

Mr. LEWIS. Yes.

Mr. POAGE. Does that not coincide with the present medical discussion of the possibility of a connection between the use of milk and cholesterol?

Mr. LEWIS. It does coincide. That discussion has been going on for some time, but it has come to a head pretty much in 1961.

Mr. POAGE. Do you think that it would be fair to say that the drop in consumption of milk nationwide is, probably, in large part accounted for by the present medical opinion in this connection?

Mr. LEWIS. I am sure that it is in some part. We do not know exactly how important this is, along with other factors, in accounting for it.

Mr. POAGE. The milk industry has not done anything about it, has it?

Mr. LEWIS. I think, sir, that they have done a good deal about it. They have not been fully able to counter it effectively.

Mr. POAGE. Did they not pretty well decide that the thing to do was to stick their heads down in the sand where they would not hear any discussion from the doctors about it in the hopes that the public would not get it? Is that not about the attitude it has taken?

Mr. LEWIS. Well, sir, I do not think that is entirely fair to the dairy industry. They have sponsored some research and have done a good deal of educational work on the other side, but they have not been fully successful.

Mr. POAGE. They have not done anything comparable to what the tobacco industry did when the same medical research indicated that there might be some connection between lung cancer and the use of tobacco, have they?

Mr. LEWIS. I would agree with you on that, Mr. Poage.

Mr. POAGE. The tobacco industry spent millions of dollars and are still spending such amounts, if I understand correctly, in either producing contradictory witnesses, or selling the public on the fact that it did not make much difference, anyhow, but to go ahead and use their products, and to use the tobacco, and the use of tobacco has increased; has it not?

Mr. LEWIS. Yes, sir, it has increased after a decline of some years ago.

Mr. POAGE. It increased. The decline came when they first came out with this medical testimony—with this medical opinion. Then they aggressively went to bat. They put on a program. They put on campaigns.

The milk people have done nothing comparable to that, have they?

Mr. LEWIS. Well, sir, the milk industry is organized in a different way than the tobacco industry.

Mr. POAGE. I know that it is. I am not talking about the why of it. I am just saying that is the fact, is it not?

Mr. LEWIS. The milk industry has spent less money per dollar of volume of business on this kind of thing by far than the tobacco industry did. I think that is correct.

Mr. POAGE. All right. It seems to me that it is clear that one of the problems facing the milk industry—and I know that it is not the only problem that they have, but one of the problems facing them right now is the same kind of a problem that faced the tobacco industry and that has been at times faced in the meat industry.

Mr. MCINTIRE. If I may, I think that it would be fair in the context of your remarks to add to the record that I think the statistics will show that through the efforts of the dairy industry in the New England area there has been an increase in the per capita consumption on the basis of 1961 figures. In the context of your remarks, Mr. Poage, I did want the record to show that New England is one area in this country where they have aggressively, as an industry, put out promotional materials, and by way of publications have promoted the milk product. This has been an interesting performance.

Mr. POAGE. I believe that you can get some results from pushing milk or any other commodity. I believe enough in advertising to believe that you can get some favorable responses. It just seems to me that the milk industry has not been as aggressive as it should have been in getting that kind of response. I hope that they will become so. I hope that we can increase the consumption of milk. I am one of the old-fashioned fogies who believes that it is worthwhile. I may die of a heart attack before I get through with this, but then I have not observed that milk does anybody any damage. I think the industry ought to be saying that it is a good food, rather than sitting by and receiving these attacks on their products.

Mr. TEAGUE. It seems to me that there is another factor that I have not heard discussed very often. There is general awareness in this country of diets. I used to have shredded wheat and corn flakes with cream for breakfast, but I do not any more. Many people are in that same boat. There is not only the heart condition factor, but generally there are other facts such as fats, which enter the picture.

Mr. POAGE. I used to eat them three times a day, but I do not do that now.

Mr. BREEDING. I would like to make this remark in connection with the question here. Recently, I saw an article in the press that said that the State of Nebraska had increased the consumption of milk more than any other State in the Union. I would like to know if you are acquainted with what Nebraska has done and give us the reason for it.

Mr. LEWIS. I am not specifically acquainted with what has been done other than that I have heard about some very energetic promotion carried on by some of the dairy cooperatives. I am not specifically informed about it.

Mr. BREEDING. I had understood that there was dairy promotional work being done in the State of Nebraska, perhaps more than in any other area in the United States.

Mr. POAGE. May I ask Mr. Lewis another question on another facet of this subject? I understand, basically, this resolution is intended to be something to more or less hold the line?

Mr. LEWIS. Yes, sir.

Mr. POAGE. As a stopgap operation until the dairy producers can decide for themselves whether they want to try to bring production within balance, that is, the supply in balance with the demand, or whether they prefer to continue to produce an unlimited amount of milk. And as I understand it, that authority will be given to the Secretary if we pass the legislation that is now being recommended, would it not?

Mr. LEWIS. That is correct, sir.

Mr. POAGE. And I gather that it is your feeling that if the Congress approves the proposal there will be a clear-cut course before the dairy people, but they should not be subjected to a penalty in the meantime while neither they nor the Department are in a position to maintain their income, but that we will, probably, say to them that within the next 9 months that they must choose whether they want a limited production, whether they want unlimited production with no supports or whether they want a balance between supply and demand with substantial supports. That is the course that you hope to offer them, is it not?

Mr. LEWIS. Yes, sir.

Mr. POAGE. That is all, thank you.

Mr. HAGEN of California. In connection with this 1961 drop in the consumption do you have any facts on whether that decline occurred in the consumption of fluid milk or in milk products?

Mr. LEWIS. Mr. Hagen, we do not know exactly. It is too early to tell exactly where it happened, to make a final judgment as to the precise cause and type of decline in consumption that did occur. Apparently, there has been a decline in consumption of butterfat, both in fluid milk products and in the form of butter. There has, apparently, been a per capita decline in fluid milk consumption.

It is quite clear there has been an increase in consumption of cheese, so that the picture is not entirely pessimistic. But we do not have pre-

cise knowledge at this early date as to just how much decline there was and just where it occurred.

Mr. HAGEN of California. In connection with the increase in production, can you identify the States where the increase occurred?

Mr. LEWIS. Yes, sir, I think that we can. I do recall that the States in the Northeast had substantially greater increase in production than some of the other sections.

Mr. HAGEN of California. In the Northeastern States?

Mr. LEWIS. That would include New York State. I think that they increased by 4 percent. We have the figures here. That is, on what the increase was in each State. There was an increase in the central Appalachian area, which increased more than the rest of the country.

From January to November 1961, compared to the same period of the year before, New York State increased 4.3 percent; New Jersey decreased three-tenths of 1 percent; Pennsylvania increased eight-tenths of 1 percent; Maryland four-tenths of 1 percent; Michigan 1.9 percent; Wisconsin nine-tenths of 1 percent; Minnesota seven-tenths of 1 percent; Ohio 4.8 percent. I believe that was the largest single increase. Indiana 1.7 percent, and so on.

Mr. ABERNETHY. What is the national average?

Mr. LEWIS. 1.5 percent.

Mr. ABERNETHY. An increase of 1.5 percent?

Mr. LEWIS. Yes.

Mr. ABERNETHY. How does that relate to our Commodity Credit Corporation purchases?

Mr. LEWIS. The Commodity Credit Corporation purchases were, approximately, I think, about double what they had been the year before.

Mr. ABERNETHY. Well, now, I am speaking percentagewise. How does the increase in production relate to the Commodity Credit Corporation purchases this year and last year?

Mr. LEWIS. The Commodity Credit Corporation accounted for about 3 percent of the total production, and in 1961 about 7 percent.

Mr. ABERNETHY. Pardon me for interrupting. I want to ask another question, if I may. You indicated that there has been almost a 2-percent increase in the national production during this period at a time when we had 83-percent support price.

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. Now, what has been the percentage increase in Commodity Credit Corporation purchases?

Mr. LEWIS. That has been about 100 percent or more.

Mr. ABERNETHY. 100 percent?

Mr. LEWIS. That is over what the purchases were the year before. The purchases have been roughly double what they were in 1960.

Mr. ABERNETHY. I see. Thank you.

Mr. HAGEN of California. Would you put the data on all of the States in the record on the increases?

Mr. LEWIS. Yes, sir, I would be glad to do so.

(The data is as follows:)

Milk production on farms, selected States, January–November, percentage change from 1960 to 1961

[Percent]

State	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Jan.-Nov.
New York	4.0	0.4	4.3	3.8	1.1	6.7	3.9	5.0	7.8	7.3	3.8	4.3
New Jersey	-1.0	-3.1	.9	1.0	.9	3.0		-2.1		-2.1	-1.1	-3.3
Pennsylvania	-1.5	-3.5	1.5	1.0	1.5	3.2	3.3	2.2	1.1	-4	-4	.8
Maryland	-4.8	-5.0	-3.2		2.8	8.7	4.7	2.2	2.3	-2.3	-2.5	.4
Michigan	-1.5	-3.0	-5	-2	-1.0	3.4	3.9	6.0	6.2	2.5	4.7	1.9
Wisconsin	.6	-.9	.7	-.6	-.3	1.1	1.0	1.2	1.7	2.3	4.5	.9
Minnesota	.8	-3.9	1.8	1.9	-.2	-.2	3.4	3.2	2.4	.2	.4	.7
Ohio	2.8	-.7	4.4	5.0	4.3	7.4	5.8	5.8	5.7	6.1	5.3	4.8
Indiana	-2.9	-2.9	3.1	3.0	.3	2.3	.7	1.1	2.7	5.6	5.7	1.7
Illinois	-4.6	-7.0	-2.2	-.8	.7	2.6	.5	-.8	-.3	3.3	4.5	-.4
Iowa	1.1	-.9	-.4	-1.7	-1.6	1.0	3.6	3.0	2.3	1.8	5.1	1.1
Missouri	-3.3	-1.8	6.3	1.5	-3.1	-.5	-.3	-3	2.0	3.7	2.9	.5
North Dakota	-2.9	-5.5	-1.9	-1.9	-2.7	-5.4	-3.6	1.4	4.5	-.9	-5.0	-2.4
South Dakota	-3.5	-1.7	2.4		1.4	1.4	4.4	5.4	2.0		3.4	1.4
Nebraska	1.3	.7	4.5	1.1	.5	-.5	-2.1	1.8	2.7	4.4	4.9	1.5
Kansas	-3.3	-2.0	4.4	4.8	1.5	1.1	.6	1.3	3.4	3.5	2.0	1.6
Virginia	3.2	3.5	9.6	10.9	6.3	5.3	3.7	4.1	2.2	2.8	3.7	4.9
West Virginia	-7.8	-8.3	-3.8	-3.6	-3.1	1.6	5.0	5.4		-3.6	-2.0	-1.6
North Carolina	3.4	1.7	5.8	4.7	3.4	1.5	3.7	2.2		-.7	4.0	2.7
Kentucky	1.2		8.2	3.8	4.8	8.3	6.9	6.7	10.1	8.6	5.7	6.1
Tennessee	-2.1	-5.1	5.7	7.0	3.6	3.6	3.1	4.0	7.0	2.8	1.9	3.2
South Carolina		-2.5	4.3	-2.0	2.2	4.8	2.3	2.1	4.3	2.3	-2.3	1.4
Georgia	-1.2	-1.3	7.5	7.1	2.3	4.7	8.4	6.0	4.8	3.5	-3.7	3.4
Alabama	-4.1	-7.1	-1.4	-1.2	-1.1	1.1	3.4	1.2	1.2		1.4	-.5
Mississippi	-1.1	-1.2	-1.1	-1.8	-1.6	-2.5	1.7			-1.9	-2.2	-.9
Arkansas	-1.6	-1.7	-1.5			1.1	1.1	4.7	5.2		4.1	1.7
Oklahoma	1.9	-4.5	.8	-.8	-1.4		2.3	2.5	.9		9	.2
Texas	-2.1	-4.3	-1.5	-1.2		-2.3	-3.1	-2.4	-3.2	2.4	-2.3	-2.2
Montana	-5.9	-9.1	-2.8		-2.1	-4.1	-4.4	-2.5	-5.4	-5.6	-2.9	-4.0
Idaho	4.0	.8	.7	1.4	1.2	1.2	-2.6	.7	3.9		-1.7	.9
Wyoming	-2.8	-6.5	-.7	-3.1	-6.7	-5.9	-2.6	-2.4	-4.6	-6.2	-8	-3.9
Colorado		-2.9			-3.7		-5.1	-5.4	-4.5	-4.3	-5.9	-3.4
Utah	1.6	-1.7			-1.4	1.4		1.6	1.7	1.6	1.8	.6
Washington		-2.1		2.3	-.5	.5	1.1	1.8				.3
Oregon				-1.8	-1.6	-.8	-.9	-2.9	-3.2	-3.5	-2.7	-1.6
California	1.6	-3.6	1.0	1.8	2.6	1.7	3.3	2.2	2.1	2.0	1.4	1.5
United States	.1	-2.2	1.7	1.3	.5	2.1	2.2	2.4	2.8	2.6	2.6	1.5

Mr. HAGEN of California. Is there any way that you can determine State by State—let me put it that way—which of these increases went into manufacturing milk sales and which went into fluid milk sales? I can see that in California, for example, we might have an increase in the consumption of fluid milk, but that has not been any problem. I am talking about manufactured milk.

Mr. LEWIS. Well, sir, the increase occurred—the largest increases occurred in areas that marked a substantial portion of their milk as fluid milk.

Mr. HAGEN of California. As fluid milk?

Mr. LEWIS. As compared to manufacturing milk.

Mr. HAGEN of California. Milk sold as fluid, class A, milk does not give the Commodity Credit Corporation any problem; that increase would not burden the CCC.

Mr. LEWIS. Well, even those areas which market fluid milk do produce very substantial amounts of milk for manufacturing production, and the Commodity Credit Corporation price support program does support the price of fluid milk to the producers by supporting the price of manufacturing milk or surplus milk which is used for manufacturing in those areas.

Mr. HAGEN of California. However, if you have a State, we will say, that does not increase in production, or there is an increase in the consumption of fluid milk of an equal quantity to the increase in production, let us say, you have not added to the Commodity Credit Corporation problem; whereas if you have an increase in a State for manufacturing milk sales, you have created a Commodity Credit Corporation problem.

In California, for example, we do not make any cheese to speak of. And when we do have an increase in production it would mostly go into fluid milk and only minutely into the Commodity Credit Corporation hands.

Mr. LEWIS. Generally, our experience has been that the pattern of increased production is fairly uniform around the country. There might be some variations. It is true, of course, that insofar as consumption of fluid milk increases it reduces what the Commodity Credit Corporation must be responsible for taking over.

Mr. HAGEN of California. For example, I imagine that increases down in Arkansas, Mr. Gathings' State, were largely designed to eliminate deficits in the grade A milk market.

Mr. POAGE. Will you yield there?

Mr. HAGEN of California. Yes.

Mr. POAGE. Is it not true that as a matter of fact all of the increase has to go into manufacturing, because obviously, there is no surplus of fluid milk. And if there is, fluid milk has been converted into manufacturing milk, and your records have always got to show manufacturing milk.

Mr. LEWIS. That is correct.

Mr. POAGE. Is that not true?

Mr. LEWIS. Yes.

Mr. POAGE. You are not dumping fluid milk out. You will sell it for manufacturing purposes if you have a surplus. And your reference will always show that the surplus is in manufacturing products.

Mr. LEWIS. That is correct, Mr. Poage. The increases in New York State, for example, are practically all of an increase in grade A milk, produced under the marketing order for fluid milk purposes, but that increase, a good deal of what was produced in 1961, cannot find a market for fluid use and, therefore, must be manufactured into products.

Mr. POAGE. And your records showed that as surplus?

Mr. LEWIS. Yes.

Mr. POAGE. And that is manufacturing milk—it has to be.

Mr. LEWIS. Yes, sir.

Mr. POAGE. Thank you. That is all.

Mr. HAGEN of California. Not necessarily. I do not agree, because the major dairy problem is concentrated in very few States. That is all I have to ask.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Mr. Lewis, do we have an adequate stockpile of cheese, dried milk, and butter at the present time?

Mr. LEWIS. Yes, sir. We believe that we do when you take into account the availability of current supplies.

The CHAIRMAN. You have \$5 million worth, have you not?

Mr. LEWIS. We do not have all of that now, Mr. Chairman. We have used a good deal of it in food-for-peace programs and direct donations, and so forth. As we go along we try to find outlets for it as fast as we can.

Mr. HOEVEN. If we have an adequate supply, what is the need for the resolution?

Mr. LEWIS. The law requires the secretary to determine the support price at such level between 75 and 90 percent as he deems necessary in order to assure an adequate supply.

Mr. HOEVEN. But he is only authorized to hold the price above the 75-percent level to assure an adequate supply?

Mr. LEWIS. Yes, sir.

Mr. HOEVEN. And if you have an adequate supply, why do you need the resolution?

Mr. LEWIS. If we have an adequate supply then the support price must be lowered to 75 percent; that is, if 75 percent of parity will insure an adequate supply, then the law would not permit the support to be set at a higher level.

Mr. HOEVEN. Thank you. That is all.

The CHAIRMAN. Are there any further questions?

Mr. ABERNETHY. I do not think that I made myself clear a moment ago, and I would like to go back.

You stated a moment ago that you had about 1.9 percent increase in production.

Mr. LEWIS. 1.5 percent.

Mr. ABERNETHY. 1.5 percent?

Mr. LEWIS. Yes.

Mr. ABERNETHY. All right, now, what has been the increase percentage-wise in acquisition by Commodity Credit Corporation as related to the entire output?

Mr. LEWIS. We acquired in 1960 about 3 percent of the total output.

Mr. ABERNETHY. You acquired 3 percent of the total production?

Mr. LEWIS. Yes. And in 1961 about 7 percent.

Mr. ABERNETHY. About 7 percent?

Mr. LEWIS. Yes—just about twice as big a share of it.

Mr. ABERNETHY. Did that include the milk that was diverted to the school milk program?

Mr. LEWIS. No, sir.

Mr. ABERNETHY. It did not?

Mr. LEWIS. No, sir.

Mr. ABERNETHY. It only included that milk which went for manufacturing purposes, such as cheese, dried milk, et cetera?

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. I see. I have one other question:

You say that the new program contemplates that production will be reduced to a level which will bring in the market approximately 90 percent of parity to the producer—that is what you contemplate?

Mr. LEWIS. The bill would authorize support to be set up to 90 percent of parity; yes, sir.

Mr. ABERNETHY. That is what you contemplate?

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. A 90-percent program, by reducing the production so as to make less milk available in the market and thereby increase

the price to the point where the bid on it will be 90 percent of parity?

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. What percentage of parity do you contemplate, and the Commodity Credit Corporation, that the new program will bring to the other commodities?

Mr. LEWIS. What do you mean?

Mr. ABERNETHY. Wheat and corn and feed grains and rice and tobacco and cotton and so on—what percentage of parity do you contemplate that will bring about for them?

Mr. LEWIS. We contemplate that it means, particularly after Commodity Credit Corporation stocks have been brought down, that there would be progressive improvement in price levels to the goal of parity of income for farmers.

Mr. ABERNETHY. What level do you propose to support the commodities at when you reach that point direct?

Mr. LEWIS. I cannot say specifically what the support would be in the case of wheat and corn programs. Generally, the proposed price support programs are tied to the 90-percent-of-parity criteria as an objective.

Mr. ABERNETHY. Let me ask you this, then:

Is it not a fact that throughout many years of the operations of the various price-support programs that the price-support level has been fixed at a figure higher than was necessary to get production? That is, adequate production.

Mr. LEWIS. I believe even at the minimum of 75 percent of parity that we have acquired very substantial stocks, and would acquire very substantial stocks at times. And by definition, therefore, 75 percent of parity—

Mr. ABERNETHY. In other words, over a period of many years the price support level has been the price support that has been fixed at a level above that which was necessary to encourage adequate production?

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. Well, then, is that what happened last year, when you had the price support at 83 percent?

Mr. LEWIS. We received just about exactly the production response that we expected last year. If consumption—

Mr. ABERNETHY. You got an increase, but you just stated that over the years the price support level has been fixed so that it was beyond the figure necessary to get adequate production.

Mr. LEWIS. Just for a little bit beyond.

Mr. ABERNETHY. All right. Then was that the effect of the level you set it at last year?

Mr. LEWIS. Well, sir, the increase in production did not exceed the increase in population last year.

Mr. ABERNETHY. Is it your opinion that it was necessary to fix the level at 83 percent last year in order to get production?

Mr. LEWIS. Yes, sir.

Mr. ABERNETHY. It was?

Mr. LEWIS. We felt that it was.

Mr. ABERNETHY. All right. Do you contemplate, or do you intend, if the legislation is not passed then, of course, you will make a calculation what is necessary to get production, but first let me ask you,

what level of price support do you think is necessary now in order to get adequate production?

Mr. LEWIS. We think in the light of the current situation that 75 percent of parity is adequate to get adequate supplies.

Mr. ABERNETHY. Do you think that is adequate?

Mr. LEWIS. In 1962, yes, sir.

Mr. ABERNETHY. Well, did you think that last year?

Mr. LEWIS. No, we did not.

Mr. ABERNETHY. What did you base it on last year?

Mr. LEWIS. We based it on last year—we based our determination last year on what we anticipated would be required in order to keep production expanding about equal to population increase. We did not anticipate the decline in total consumption which occurred.

Mr. HOEVEN. Will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. HOEVEN. Mr. Lewis, I do not quite understand your statement when you say that 75 percent is enough. Why does not the Secretary reduce it to that figure on April 1?

Mr. LEWIS. We do not think that 75 percent is enough to give farmers a fair return. There are two considerations here. One is that 75 percent of parity is not enough to give the farmers a fair return on their investment and labor, even though it may be sufficient to insure an adequate supply, which is the criteria in the law. And, therefore, the administration has recommended that the law be changed to include provisions which will authorize us to take into account the need of farmers for income in setting the support price.

The CHAIRMAN. That is the point of this resolution, is it not?

Mr. LEWIS. Yes.

Mr. HOEVEN. Then the administration is recommending flexible price supports, is it not?

Mr. LEWIS. No, sir. The administration is recommending a program which will enable us to do better in terms of supporting farm income without excessive cost to the Government.

Mr. ABERNETHY. May I ask one other question?

The CHAIRMAN. Yes.

Mr. ABERNETHY. Do you envision that the consumption of milk products would be increased if the price support is increased?

Mr. LEWIS. Sir, I think that the consumption of dairy products can be expanded and I am very hopeful and confident that the consumption will be expanded even with an increase in price. The problem has not been one of price as we see it. In many areas consumption of some dairy products has declined in spite of the declining prices for the specific commodities in 1961. There are many factors other than the one we have discussed here which may have some role in this decline in milk consumption.

Mr. ABERNETHY. Do you relate the increase in the Commodity Credit Corporation acquisitions to the increase in the price support last year at all?

Mr. LEWIS. We relate it primarily to the unexpected decline in consumption.

Mr. ABERNETHY. And not at all to the increase in price?

Mr. LEWIS. Well, I think it is fair to say there might have been a smaller increase in production if the price support rate had been lower, but I do not think it would have made much more than a very small difference, if any.

Mr. ABERNETHY. Off the record a moment ago you and Mr. Poage were discussing what the tobacco people had done. He said that they put out cigarettes with a lot of filter tips. I do not think that if you drink this milk with a filter it would help any, do you?

Mr. LEWIS. The cow is a very good filter.

Mr. HOEVEN. Will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. HOEVEN. Mr. Lewis, if you contend that higher price supports had nothing to do with the difficulty we are in today, will you explain to me what happened when the price support on soybeans was raised to \$2.30 a bushel. Aren't we creating a surplus on soybeans at the present time?

Mr. LEWIS. We do not have a surplus of soybeans. We have what we consider a very minimal reserve to carry over into the next marketing year.

Mr. HOEVEN. We are well on our way to a surplus situation.

Mr. LEWIS. I do not believe that we are. I think that the consumption of soybean products is increasing at a very fast rate. There is every indication that it will continue to increase. I think that we need to carry at least a 1-month crush of soybeans over across the marketing year.

Mr. HOEVEN. Mr. Lewis, you do not subscribe to Senator Proxmire's statement when he says, "the rise in CCC acquisition calls for dairy products is almost entirely due to the drop in consumption"?

Mr. LEWIS. I do, sir. I think it is due to the drop in consumption.

Mr. HOEVEN. So high price supports have nothing to do with it?

Mr. LEWIS. I do not believe that the higher price supports had a very significant effect on production, no, sir. I do think production would have been just about the same even at a lower support price.

Mr. HOEVEN. How are you going to increase the consumption?

Mr. LEWIS. You may recall that the President and the Secretary of Agriculture spoke at a national conference on milk and nutrition, sponsored by the Department of Agriculture, about 2 weeks ago. We intend to work with the dairy industry in every way possible, as well as with public health people, and those responsible for public health and nutrition, to inform the public about the nutritional value of milk and dairy products.

I want to say that we do not place the importance of selling milk ahead of our responsibility for good nutrition and for public health, but—

Mr. HOEVEN. I think that is very important to educate the public in order to get an increased consumption. To drink milk is good for you. I understand that at a public meeting some time ago the Secretary of Agriculture said that he was drinking skimmed milk.

Mr. LEWIS. I do not believe he said that at a public meeting. I know for a fact that he drinks whole milk very frequently.

Mr. JOHNSON. A while ago the gentleman from Florida asked you a question. He wanted to know how much this bill would cost the Government. For instance, at the 75 percent parity rate or at the present parity rate—what would be the extra cost?

Mr. LEWIS. Well, we anticipate for a whole year that the cost to the Government would be about \$150 million more at \$3.40 than at 75 percent of parity. We cannot say exactly how long or how much of this 9-month period we would continue the \$3.40 support before we could get a supply management program into effect that would reduce the Government's costs.

Mr. JOHNSON. How about the whole 9 months?

Mr. LEWIS. I think that it would be about three-quarters of \$150 million if it went for the full 9 months.

Mr. MATTHEWS. Will the gentleman yield?

Mr. JOHNSON. Yes.

Mr. MATTHEWS. What would be the loss in revenue to the dairy producers if we did not have the resolution?

Mr. LEWIS. About \$250 million to \$300 million.

The CHAIRMAN. Mr. Beermann?

Mr. BEERMANN. What were your figures for Nebraska on production?

Mr. LEWIS. The production in Nebraska increased 1.5 percent, which is identical to the national average. We do not have figures on the change in consumption.

Mr. BEERMANN. I think since the question came up, we would like to enlighten the committee on the fact that we think for ourselves. We took a page out of the book that it pays to advertise. We advertised milk and we are increasing the consumption. Thank you.

The CHAIRMAN. Mr. Breeding?

Mr. BREEDING. Mr. Chairman, in addition to the remarks by the gentleman from Nebraska, as I remember reading the article, it said that Nebraska had increased the consumption of milk more than any other State in the Union. The question I have is, was there some reason for it? I understood Mr. Lewis to say that it was good public relations program in regard to dairy products.

I am going to stand up for Nebraska and say that Nebraska did a good job of selling milk to their people. That is the reason they use more milk.

Mr. BEERMANN. I thank you.

The CHAIRMAN. Are there any other questions?

Mr. STUBBLEFIELD. I would like to ask the gentleman why could not the controls be instituted by the milk marketing order program route?

Mr. LEWIS. Sir, we do propose—the President did propose legislation which would authorize a producer quota program in Federal orders, as well as a national program. We do not think that it would be feasible to attempt to reduce the total national supply of surplus milk through Federal orders alone. It would require too severe a cut in those fluid milk areas to expect them to accomplish the whole job alone in order to protect the Government from excessive expenditures and to protect the producers.

Mr. STUBBLEFIELD. What you are saying is that you are going to cut overall?

Mr. LEWIS. The national program, yes, sir, would apply across the board with adjustments permitted, of course, for unusual conditions.

Mr. STUBBLEFIELD. Would not the milk marketing order program eliminate that?

Mr. LEWIS. I am sorry, I did not understand.

Mr. STUBBLEFIELD. Would not the Federal order program, controls through that program, eliminate having to cut the production in the deficit areas?

Mr. LEWIS. Well, sir, it would actually—that is, some of the deficit areas are most anxious to have producer allotment programs under the Federal orders, because they want the means to reduce the pressure on them to increase their total milk production, in order to reduce the necessity of diverting part of their milk into manufacturing use which gives them a very low return. If they can cut back on the amount of surplus milk they produce, they will receive a higher blend price and a higher net income.

Mr. STUBBLEFIELD. But your surplus is coming from the larger producers, the class A producers, is it not—from those areas—that is where your surplus is coming from, is it not?

Mr. LEWIS. Very substantially, yes, sir.

Mr. STUBBLEFIELD. Through a milk marketing order program you could cut down on the surplus class A milk and that would automatically bring the price up or lessen the supply of milk for manufacturing purposes, would it not?

Mr. LEWIS. It would have that effect, yes, sir, but we do not think it would accomplish enough to solve the Government's budget problem nor to solve the overall national dairy price problem. We have made some computations, for example, on this question, and have determined that if the 12 biggest markets which account for about one-half of all of the milk regulated under Federal marketing orders were to reduce their production by 15 percent that it would result in cutting the Government program costs by only about \$200 million. That would be a very severe cutback in these 12 large markets, but still it would make a relatively modest contribution to the national surplus problem.

Mr. STUBBLEFIELD. That is all. Thank you.

The CHAIRMAN. Mr. McIntire?

Mr. MCINTIRE. Mr. Lewis, in order that we may have it in the record, may I inquire a little bit as to how you arrive at the prices. First, do I understand you said that in making the decision last April to increase the price to a level you would support, that this decision was made to get an increase in production?

Mr. LEWIS. No, sir, I did not say that. I said we anticipated that production would increase no more than the population increased—that consumption would continue on a per capita basis about level and that we could achieve better returns to the farmers without an excessive burden on the price support program.

Mr. MCINTIRE. Did this prove to be the case?

Mr. LEWIS. This was not the case, because of the unexpected decline in consumption.

Mr. McINTIRE. All right. Your situation, if I understand it correctly, is that the Secretary may, under the present law now and consonant with his responsibility, decide by April 1 what the dairy price support level will be?

Mr. LEWIS. Yes, sir.

Mr. McINTIRE. And that it is basically to get an adequate supply?

Mr. LEWIS. Yes.

Mr. McINTIRE. And in the administration of that the Congress could temporarily set this aside?

Mr. LEWIS. Yes, sir.

Mr. McINTIRE. In order that the level of the price be sustained, notwithstanding the other problems which have been associated with it over the last year?

Mr. LEWIS. Yes, sir.

Mr. McINTIRE. In arriving at the price level which you would be required to take, say, if this legislation were not granted, do I understand correctly that the parity is on wholesale milk?

Mr. LEWIS. Yes, sir.

Mr. McINTIRE. Then how do you arrive at the parity equivalent of manufacturing milk?

Mr. LEWIS. The parity is based on a 10-year moving average relationship—based on the prices received for manufacturing milk as compared to those for all milk at wholesale.

Mr. McINTIRE. It is an administrative formula?

Mr. LEWIS. Yes.

Mr. McINTIRE. Then the determination of that parity ratio is an administrative one?

Mr. LEWIS. Yes, sir; it was established shortly after, I think, about 1949.

Mr. McINTIRE. What is that ratio now?

Mr. EMERY. 79.1 percent.

Mr. McINTIRE. The statements that have been made in relation to what the level of the price would be if this resolution were not passed, \$3.70, relate to a price on an administrative decision of what that parity ratio is going to be?

Mr. LEWIS. Yes, sir. I think that the calculation now is that 75 percent would be about \$3.10 or \$3.11, rather than \$3.07.

Mr. McINTIRE. The law does not fix this ratio?

Mr. LEWIS. No, sir; the law requires that the products of milk be supported at between 75 and 90 percent of parity. This would apply to all milk at wholesale. However the Department has made an administrative determination of a parity equivalent price to relate to manufacturing milk. It is a means of supporting manufacturing milk in order to maintain milk prices generally.

Mr. McINTIRE. Why was the ratio set at 79—is it because of a statistical calculation over a period of years?

Mr. LEWIS. Yes, sir; that is the moving 10-year average relationship of the price of manufacturing milk to the price of all milk at wholesale.

Mr. McINTIRE. One further question. It is quite obvious that with this whole matter scheduled into a pattern of legislative action, it is designed in connection with production management; is that not true?

Mr. LEWIS. I am not sure that I understand your question.

Mr. McINTIRE. I say that this resolution is a part of the administrative layout, you might say, of continuing at this level for a period of time with the hope and belief that you will get legislative authority to move into production management. Is this the reason for the December 31 date?

Mr. LEWIS. Yes, sir. We feel that by December 31, if Congress acts on the long-range proposal, we will have had time to establish the producer bases and the other administrative details required before a program could be presented to the producers in a referendum and if accepted could be put into operation.

Mr. McINTIRE. Do you think that administratively and legislatively you could get all of this machinery set up—that you could get the production adjustments at the farm level so that the price level under this resolution would flow into the price at the marketplace by virtue of a reduced production by December 31?

Mr. LEWIS. No, sir. We do not expect, and do not intend that the long-range dairy program would result in a sharp cutoff in production—a sharp reduction in production. It is not a production-quota type of program, because that kind of program is not applicable to a commodity such as milk.

Mr. McINTIRE. It is a market management program?

Mr. LEWIS. Management of marketing—a marketing allotment program. The producers could market in excess of their allotment, but they would contribute a surplus marketing fee for their excess marketings, which would be used to supplement Government funds for taking excess stocks off the market.

Mr. McINTIRE. So the producers could not market the adjustment by December 31, and if they could not, then, they would move into a penalty position?

Mr. LEWIS. This is not regarded as a penalty, because we do not expect the farmer to cut his production precisely to his allotment. He cannot be expected to do that. He can adjust gradually by culling his herd and other adjustments to reach the marketing allotment goal for his farm.

Mr. McINTIRE. The proposition is an assessment and not a penalty?

Mr. LEWIS. That is right. We want him to market that milk, even in excess of his allotment, because whatever use can be made of it should be done. It should be used in the best way possible.

Mr. McINTIRE. Well if you continue the price support activity as an adjunct to the market management program, then you are going to pick up the surpluses on which he is paid a deficit in order to have the right to market, and this would be absorbed under the responsibility of the price support; is that not right?

Mr. LEWIS. Yes, sir. The new program would have the result of putting the cost for a part of the price support activity upon the producer who produces the excess milk.

Mr. McINTIRE. How much cutting production do you anticipate will be necessary to get parity in the marketplace?

Mr. LEWIS. We have a calculation on the basis of 90 percent of parity—and I want to caution the committee that this is necessarily a preliminary judgment, because we have not had the data that we would have by October or so when we might be making this estimate for keeps but on the basis of this preliminary judgment—just a minute, I will look it up and see what it is.

At 90 percent of parity we estimate that the reduction in marketing would range from 6 to 10 percent, in order to attain 90 percent of parity price under the present circumstances. That is our preliminary and incomplete judgment at this time.

Mr. LATTI. Mr. Lewis, in increasing the price support of milk last April to \$3.40 per hundredweight, I am curious to know how much of a price increase occurred in the marketplace?

Mr. LEWIS. Well, sir, as a matter of fact in many areas—

Mr. LATTI. Let's take Washington.

Mr. LEWIS. I am not sure just what the increase has been in the Washington market. I know in some of the fluid markets, the blend price and the class 1 price received by farmers has declined because of the increasing proportion of surplus milk in those markets.

Mr. LATTI. You certainly have those figures in the Department of Agriculture that you could submit, the price of milk last April and the price of milk today?

Mr. LEWIS. Yes, sir.

Mr. LATTI. You are not trying to tell us now that the prices actually declined with the increase in support price?

Mr. LEWIS. Well, sir, in some markets the blend price received by farmers, and the class 1 price, have declined since last year.

Mr. LATTI. We understand there are areas where they have surplus milk and they do have a lesser price, but overall that would not be the case, would it?

Mr. LEWIS. Well, I do not know just what the national average would be, but some class 1 prices are averaging lower now than they were a year ago.

Mr. LATTI. Would you furnish the committee those prices? I will be very interested in examining them.

Mr. LEWIS. Yes, sir.

(The information referred to follows:)

Selected price series for milk, United States, by months, 1960-61

[Dollars per hundredweight]

PRICES RECEIVED BY FARMERS

Year	January	February	March	April	May	June	July	August	September	October	November	December	Weighted average
All milk:													
1960-----	4.36	4.28	4.18	3.96	3.82	3.80	3.96	4.14	4.42	4.57	4.65	4.59	4.21
1961-----	4.45	4.31	4.18	4.01	3.92	3.86	4.03	4.17	4.38	4.48	4.56	4.46	4.21
Manufacturing grade milk:													
1960-----	3.29	3.24	3.22	3.12	3.10	3.08	3.11	3.19	3.38	3.52	3.55	3.52	3.25
1961-----	3.44	3.30	3.30	3.29	3.28	3.25	3.29	3.34	3.43	3.52	3.54	3.50	3.35
Eligible for fluid market:													
1960-----	4.87	4.80	4.69	4.43	4.25	4.24	4.45	4.65	4.91	5.01	5.11	5.07	4.69
1961-----	4.93	4.82	4.62	4.40	4.29	4.24	4.45	4.61	4.82	4.89	4.99	4.89	4.64

DEALERS' BUYING PRICE FOR MILK USED IN FLUID DISTRIBUTION—SIMPLE AVERAGE

	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961
	5.59	5.62	5.55	5.58	5.48	5.49	5.27	5.29	5.19	5.20	5.19	5.16	5.34	5.36
	5.72	5.72	5.58	5.58	5.67	5.67	5.55	5.55	5.47	5.44	5.73	5.58	5.72	5.44

RETAIL PRICES FOR FLUID MILK ¹

[Cents per quart]

	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961
Delivered to homes:	25.9	26.3	25.9	26.2	25.6	26.0	25.5	25.8	25.5	25.8	26.0	26.3	26.4	26.0
1961-----	26.3	26.2	26.2	26.2	26.0	26.0	25.8	26.1	25.8	26.1	26.3	26.4	26.5	26.2
Sold through stores:	24.7	24.9	24.7	24.8	24.3	24.7	24.1	24.4	24.2	24.4	24.7	24.9	25.1	24.7
1961-----	24.9	24.7	24.7	24.8	24.4	24.4	24.3	24.3	24.2	24.3	24.5	24.7	24.9	24.6

¹ Bureau of Labor Statistics.

Mr. LATTI. Because if that is the case, from a consumer standpoint we might as well jack the support price up to \$4 so they can get cheaper milk.

Mr. LEWIS. I am sorry, I missed that.

Mr. LATTI. I say, if we follow what you are trying to tell us, we might as well jack the support price up to \$4 so the consumer would get cheaper milk?

Mr. LEWIS. No, sir; this ties into the problem of surpluses. The price received by farmers has declined because of the surplus. This is what we are trying to do something about.

Mr. LATTI. But your distributor has to pay more for his milk that he sells in the marketplace when the support price is higher—

Mr. LEWIS. Well, sir, if the proportion of surplus milk in a market can be reduced, the blend price to farmers can be improved without any increase in the price for class 1 milk used for fluid use.

Mr. FINDLEY. Mr. Chairman?

The CHAIRMAN. Mr. Findley.

Mr. FINDLEY. You did state that the price received by dairy farmers went down as a result of the surplus condition and Government stock has to be disposed of.

Mr. LEWIS. No, sir. I said the price in some of the fluid markets, in some of the larger fluid markets, has declined because of the proportion of surplus classes of milk in those markets having reduced the blend price.

Mr. FINDLEY. Do you think this resolution will reduce the likelihood of continued surplus conditions?

Mr. LEWIS. Well, sir, if this resolution does not go into effect farmers will take a severe reduction in the price they get for their surplus milk as well as reducing the basis for the class 1 price in many of the markets.

Mr. FINDLEY. But what effect will this resolution have on surplus conditions? Will it not tend to continue them, if not increase them?

Mr. LEWIS. Well, it will tend to sustain the present patterns of production except for one thing, and that is that the Department has taken a strong position, and I want to emphasize this, that we will not include 1962 production in the base. That is, the Department's position would be that 1962 production should not be included in the base. And this we think, if this position is made clear and if Congress supports it, will tend to discourage expansion of production in 1962.

Mr. FINDLEY. You say it would sustain the surplus conditions. Therefore would it tend also to sustain the price-depressing character of the surplus stocks?

Mr. LEWIS. No, sir. I say continuing the price would sustain whatever influence price alone would have on production patterns.

Mr. FINDLEY. Do you think the dairy farmers could expect relief from this price-depressing situation as a result of adopting this resolution?

Mr. LEWIS. Well, I do not think that a few months will have much impact on production trends in the dairy industry. It takes 2 years, 2½ years, 3 years to get a heifer into production, and milk production is not subject to quick changes. Changes must be determined well in advance of the actual impact of the change.

Mr. FINDLEY. Mr. Gathings brought out some interesting facts on the buildup of stocks in butter. For example, comparing January 1 of 1961 with January 1 of 1962, Government stocks rose from 15 million pounds to 150 million pounds. Now could you tell us how much butter would be involved in the average production increase this past year which amounted to $1\frac{1}{2}$ percent? In other words, what would $1\frac{1}{2}$ percent of our butter production amount to?

Mr. LEWIS. Converted entirely to butter?

Mr. FINDLEY. Right.

Mr. LEWIS. About 150 million pounds.

Mr. FINDLEY. That has a strange parallel to the increase in our Government stocks. The $1\frac{1}{2}$ percent increase in production is reflected almost exactly in the increase in Government holdings of butter.

Mr. LEWIS. Yes, sir; it corresponds to failure of population growth to take over the parallel—

Mr. FINDLEY. But had it not been for the incentive of higher supports, this $1\frac{1}{2}$ percent increase might not have occurred because the percentage of increase in the previous year, as you testified, was considerably less. Am I right?

Mr. LEWIS. Sir, I think that practically all of that increase in production would have taken place even at 75-percent parity in 1961.

Mr. FINDLEY. It seems to me the Secretary made a mistake in jacking up these supports last year and is trying to get off the hook with the help of the Committee on Agriculture.

Mr. LEWIS. Well, sir, I differ with you in that judgment.

The CHAIRMAN. We thank you very much, Mr. Lewis.

Mr. LEWIS. Thank you.

The CHAIRMAN. Now Mr. Reuben Johnson.

Mr. Johnson, I am sorry but we have 11 minutes left to hear your statement and then we will hear from Mr. Lynn. Do you think you can finish up in 8 or 10 minutes?

Mr. JOHNSON. Mr. Chairman, my statement is one page and two lines.

The CHAIRMAN. Fine. Go ahead.

Mr. JOHNSON. Yes, sir.

STATEMENT OF REUBEN L. JOHNSON, ASSOCIATE DIRECTOR, LEGISLATIVE SERVICES DIVISION, NATIONAL FARMERS UNION

Mr. JOHNSON. I am Reuben L. Johnson, associate director, Legislative Services Division, National Farmers Union.

We appreciate the opportunity to appear before the House Agriculture Committee in behalf of legislation introduced by Chairman Harold Cooley and Congressman Lester Johnson to maintain current levels of price support on milk and butterfat through December 31 of this year.

Gross income of dairy producers for the marketing year beginning April 1, 1961, and ending March 31, 1962, it is estimated, amounted to \$4.9 billion. If the support level on milk and butterfat is reduced to 75 percent of parity, dairy producers' gross income in the next marketing year is expected to be \$4.6 billion, a cut of about \$300 million, or 6 percent.

The cost of inputs into dairying are expected to vary only slightly. Most of these inputs have fixed costs and those that have varied in cost in the past are not expected to do so in 1962. Therefore, the cut in total net income to dairy producers, we believe would be 2 to 3 times the cut in gross income, or 12 to 18 percent, should the support level on milk and butterfat be reduced to 75 percent of parity.

Past production records show clearly that milk production does not adjust very fast to price whether it moves up or down. A table is attached hereto to show milk production over the past decade and the percentage change from the previous year.

Milk production increased in 1961. However, through November, the annual rate of increase was running about 1.6 percent over the previous year. This percentage increase is approximately the same as the percentage increase in our population growth from 1960 to 1961. The unexpected decline in the consumption of milk is a major factor in the buildup of stocks. The effort of President Kennedy and Secretary Freeman to reverse this unexpected trend is to be commended.

Moreover, the bill introduced by the chairman last week sets forth a program to establish a supply adjustment program with prices supported up to 90 percent of parity.

We urge the committee to maintain the current price support program until a more effective program can be worked out.

Mr. Chairman, I have a copy of a letter written to Chairman Cooley by Mr. Christiansen, of the Minnesota Farmers Union, and I would like to request your permission to have it inserted in the record at this point.

Mr. POAGE (presiding). Without objection it will be inserted.
(The information referred to is as follows:)

FEBRUARY 2, 1962.

HON. HAROLD D. COOLEY,
*Chairman, House Agriculture Committee,
House Office Building, Washington, D.C.*

DEAR CONGRESSMAN COOLEY: We urge early action on the Cooley-Humphrey joint resolution pertaining to dairy support levels from April 1 through the balance of this year.

In our opinion, there are several reasons why a reduction in the support level on manufactured dairy products and butter should not be ordered at the present time:

1. The increase in dairy production in 1961 resulted from the increase in feed surpluses in 1959 and 1960 and the increase in productivity per cow, not from any action which was taken in 1961 by the administration.
2. The reduction of price supports for the last 9 months of the year would not result in any significant reduction in the potential Government acquisition of dairy products and the resulting cost.
3. The reduction in price supports probably would not bring about any measurable change in consumer prices, nor would the maintenance of the existing rate cause any increase in such prices.
4. Quick adjustments are not possible in the dairy industry; therefore it is important to maintain price stability for the present while a more effective program is being worked out by the Congress.
5. Maintenance of the existing support is in line with continuation of existing supports on other commodities, particularly the feed grains.
6. The only result of the price-support reduction would be an income reduction for the dairy farmer. This reduction or perhaps 30 to 33 cents per hundred-weight of manufacturing milk represents a substantial portion of the meager net income being earned by dairymen at present on their operations. As you know, USDA statistics show the return of the typical dairy-hog farmer of south-eastern Minnesota as less than 50 cents per hour. A 30-cent reduction in milk

value would over 9 months' time result in an income loss of some \$22.5 million in Minnesota alone and a substantial loss in other major dairy States.

7. The price-support reduction would place an additional strain upon the milk pricing situation in the many Federal milk market order areas which use the manufacturing milk average price in their basic price formula.

We do not believe that any significant improvement can be expected in the dairy industry short of the adoption of a new program which will enable farmers to keep supplies in somewhat reasonable balance with demand.

We therefore urge that following committee action upon the joint resolution, that you explore the possibility of early hearings upon the dairy section of the Food and Agriculture Act of 1962. This section deserves very careful consideration and the widest possible agreement should be sought among interested producers to develop a better program.

Thanks for your continuing efforts on behalf of agriculture.

Sincerely,

EDWIN CHRISTIANSEN, *President.*

Mr. POAGE. Any questions? Mr. McIntire.

Mr. McINTIRE. Mr. Chairman, I think it is just interesting to note that in the table Mr. Johnson is submitting for the period 1950-55 through and including 1960 there has been an increase of eight-tenths of 1 percent of production, and in the year 1960 1½ percent—in that year alone.

Mr. JOHNSON, can you give an observation to explain this stability in production during that 6-year period?

Mr. JOHNSON. Well, if you look at some of the years, going back up to 1950, you will see that there were some years in which the price declined when production increased, Congressman McIntire.

Mr. McINTIRE. I am looking at your table, which is a production table. I was interested in your observation as to what your feeling was on the reasons for the stability of production in that 6-year period.

Mr. JOHNSON. Well, I do not know that I can offer any explanation as to the stability of production during the period. I think what I would like to point out is that, on this table, you do not get rapid increases in production or decreases in production that respond to price. Farmers continue to produce regardless of the price because they have fixed costs that they must meet. And the price level, in my judgment, has very little to do with the production. I doubt very seriously if we would see any major change in production with a continuation of the current support level.

Mr. POAGE. Mr. Johnson, I suppose—I have no records before me—that in 1953 the price came down. The price of all agricultural commodities that I know of came down in 1953 after the close of the Korean episode. And the production went up 5 percent.

Mr. JOHNSON. That is exactly right. In 1954 the price of milk went down.

Mr. POAGE. In 1954 the price went down and production went up 1.6.

Mr. JOHNSON. Not only that, but it continued to increase for the 2 succeeding years, 1955 and 1956.

Mr. POAGE. That is right. So that I cannot see that there is any relationship between price and volume by these figures. Mr. McIntire just picked out 6 years. He had a right to pick any six he wanted to. But if you pick 8 years and include the 2 years before, you have an increase there of 6 percent on milk instead of eight-tenths of 1 percent.

I just do not think it proves anything. You can pick out any group of years you want to and see some strange things about them.

Mr. JOHNSON. I think it proves that if you can put the farmers through an economic wringer long enough, you can get a decrease in production. But it takes time.

Mr. POAGE. But when you first begin dropping the price—didn't the price begin dropping in 1953?

Mr. JOHNSON. That is right.

Mr. POAGE. And increased nearly 5 percent in that 1 year, by far the biggest increase that you see on any of these records—the very year the price dropped. In other words, they tried to make up with volume what they lost in price.

Mr. JOHNSON. Mr. Chairman, I talked to a Texas farmer last night who operates in a grade A market, and I asked him what he did with his surplus milk, and he said that the did not produce any, he culls his cows when he starts to get into a situation where his milk is not going into his class A base. He is getting \$5.40 a hundred-weight on his milk.

Now I think that he is a very intelligent farmer, that he sees he cannot make money out of producing milk at lower than a class A price. I think the producers generally reflect this point of view, and that with the kind of supply adjustment program that will be before this committee, producers will look with favor on it. And if they can get an increase in price, they would be gladly willing to cut back their production, and therefore, cut the costs of the program.

Mr. HAGEN of California. To clear the record, in 1953 they had 90 percent of parity support, isn't that correct?

Mr. JOHNSON. It was in 1954. It was dropped on April 1, 1954, I believe, to 70 percent of parity.

Mr. POAGE. And continued to increase in 1954, 1955, and 1956.

Mr. SHORT. Right there could I ask Mr. Johnson a question, Mr. Chairman?

The CHAIRMAN (presiding). Sure.

Mr. SHORT. Mr. Johnson, you said a minute ago dairy production is not something that can be turned on and off. I would certainly agree with that. You cannot produce a dairy cow overnight.

But if this is true, how do we explain this rather substantial increase in production between 1952 and 1953? Is this something that had been building up before because of the high price that had been in effect? Had the farmers been building up their dairy herds in anticipation of the continuation of this high price?

Mr. JOHNSON. I think there must have been a situation like that, Congressman Short. I think that farmers always can influence a great deal the production of their herds by the way they feed them, by the way they handle them. I think that they always have sources of some cows that might be culled or maintained in the herd. And obviously this is a situation where they had cows and they milked them.

But I do think the pressure was on to milk cows, as Congressman Poage has pointed out, in this period when prices dropped. The farmers' cost is fixed these days and they have to charge, if they have a cut in per unit price, to make up the difference by continuing to increase production.

The CHAIRMAN. All right, let's move on.

Mr. Reuben Johnson, we thank you very much.

(The table referred to is as follows:)

Milk production in the United States, 1950-60

Year	Million pounds	Decrease or increase percentage	Year	Million pounds	Decrease or increase percentage	Year	Million pounds	Decrease or increase percentage
1950.....	116,602	0.4	1954.....	122,094	1.6	1958.....	123,220	-1.1
1951.....	114,681	-1.6	1955.....	122,945	.7	1959.....	121,989	-1.0
1952.....	114,671	0	1956.....	124,860	1.6	1960.....	122,920	.8
1953.....	120,221	4.8	1957.....	124,628	-2			

The CHAIRMAN. We now call Mr. Jack Lynn.

STATEMENT OF JACK LYNN, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. I am sorry, Mr. Chairman, but I do not have a written statement.

The CHAIRMAN. That is all right.

Mr. LYNN. I would just like to make a very brief statement with regard to this resolution.

This reminds me a great deal of 1960 when the Congress amended the basic Agriculture Act with regard to milk that said the price support shall not be less than \$3.22 from the time of the enactment of that act until March 31, 1961. Now I think the evidence has been quite clearly brought out here that we have had a dramatic increase in the commodity credit stocks of milk and dairy products. We think it is related to the increase in price support that the Secretary put into operation on April 1, 1961. The consumption, per capita consumption, certainly is down.

However, I think the main reason for this increase, as has been brought out here by the figures, and I do not wish to inject any further into the record unless you have a question, has been due primarily to the increase in price support. Now we think that the Secretary of Agriculture did not have any justification whatsoever for increasing the price support last year to the \$3.40. We think that under the law—and I have it right here—he had no alternative, based on the supply, to reduce the price support to 75 percent.

Now I do not wish to get into a discussion of H.R. 10010, but I must say that I read it with a great deal of dismay with regard to the dairy provision, and I think the resolution before you is the first step toward supply-management control for dairy products. And we are opposed to quota, opposed to quota nationwide or otherwise, except as under the milk marketing orders that are now in effect. We are opposed to any further quotas, cow quotas, marketing regulations or call it what you will.

Therefore, we urgently recommend, Mr. Chairman, that this committee disapprove, or not approve, this resolution and that the law as currently written be executed.

The CHAIRMAN. Thank you, Mr. Lynn.

Mr. Eckles.

**STATEMENT OF WILLIAM C. ECKLES, PURE MILK PRODUCTS
COOPERATIVE, FOND DU LAC, WIS.**

Mr. ECKLES. Mr. Chairman and committee members, in order to expedite this, and I see obviously you are in quite a hurry, I have a prepared statement, and I will make a few comments and sit down. If you have questions feel free to ask them of me. I work for dairy farmers in Wisconsin. My name is William C. Eckles.

The reduction in price supports from the \$3.40 level down to 75 percent would reduce the average farm income in Wisconsin approximately \$600 per year. That would reduce that income netwise by approximately the same amount because that farmer cannot reduce his expenditures in his milk reduction. And that is serious.

The preliminary reports indicate that the average dairy farmer in Wisconsin, in the efficient-best producing areas, are making in the neighborhood of 75 cents per hour return for their labor. To cut that 180,000 pounds of production back some 30 cents a hundred or 35 cents a hundred, depending upon what the new competition would amount to, would just be an unreasonable and unnecessary reduction in income for those farmers.

It seems to us this Congress is considering a piece of legislation that has been recommended and carefully studied by the committee appointed by the Secretary to develop a long-term dairy program that we think—I happen to have been one of those 30 committee members—would reduce the cost to the Government, reduce the overall production of milk and dairy products in the hands of the Government beyond that which they need and give farmers a chance to substantially improve their income if they see fit to do it through referendum and vote.

That concludes my statement unless someone has some questions. (The statement of Mr. William C. Eckles is as follows:)

**PRESENTATION IN SUPPORT OF HOUSE JOINT RESOLUTIONS 613 AND 614 BY
PURE MILK PRODUCTS COOPERATIVE, FOND DU LAC, WIS.**

Pure Milk Products Cooperative is a bargaining and service association representing some 15,000 dairy farmers located throughout the State of Wisconsin and parts of Illinois and Michigan. About a third of our members are supplying grade A milk to numerous fluid markets. The remainder are engaged in the production of milk for various manufactured dairy products.

Pure Milk Products Cooperative urges the adoption of House Joint Resolutions 613 and 614 to continue the \$3.40 dairy price support level through the remainder of the 1962 calendar year as suggested by the President in his food and agriculture message of January 31, 1962. It is of the utmost importance that milk prices to dairy farmers be maintained until new legislation can be considered by Congress. Milk is very necessary to the health of our population and a top food bargain in the marketplace.

Farmers must have a reasonable price to continue to make available this wholesome and nutritious food. Production and living costs of farmers have continued upward. For example, the farm costs reported monthly by the U.S. Department of Agriculture (USDA) in its Agricultural Prices show that farm machinery costs have increased 7% (from 362 to 393) from the level of the last quarter of 1958. Interest costs are up nearly 30 percent; taxes have risen 22 percent and wage rates are up 9 percent. Dairy farmer income has already been very low. It has returned farm operators an average wage far below the legal minimum of most nonfarm industries. The average hourly return to dairy farmers has not reached the level of even a dollar per hour. Certainly they are in no position to take a 10-percent cut in their gross milk income which would result from a drop in the price support level to 75 percent of parity.

The most efficient dairy sections of Wisconsin show hourly rates of return for dairymen far below a dollar an hour. Preliminary reports indicate they are around 75 cents at the current \$3.40 manufactured milk price levels.

Each dairy farm in Wisconsin markets about 180,000 pounds of milk per year. A cut to 75 percent of parity in the price support level applied to their sales volume would mean a decrease of over \$600 per year on the average Wisconsin dairy farm.

According to the USDA Agricultural Bulletin No. 230, Farm Costs and Returns, the average dairy farm in our own eastern Wisconsin area has required more than 3,700 hours of family labor each year. This is more than 10 hours of labor per day, 7 days each week throughout the year. These farms have consistently returned to the whole farm family an annual net cash income of less than \$2,000. The capital outlay averages about \$40,000 per farm. In 1959, the average income was reported by the USDA to be only \$1,131 per farm. Obviously a loss of over \$600 in gross income as a result of a 35-cent-per-hundredweight price cut would reduce net cash income to a disastrously low level.

The situation is especially serious for those farmers who are producing milk for manufactured dairy products. Such farmers must rely on the national market for their sales outlet. They are the victims of the competition of not only other manufactured-milk producers, but also of the overproduction or output of fluid milk producers who have been more successful in obtaining higher prices for milk in fluid uses in their local markets.

A further loss of income to such manufactured-milk producers is bound to have serious repercussions in the cities and villages in which the things farmers use are produced and sold. We think Congress would be well-advised to maintain the current support level, not only for the benefit of dairy farmers but also for the urban people who are dependent for their living upon the dairy farm supply business. We urge prompt enactment of House Joint Resolutions 613 and 614.

The CHAIRMAN. Thank you very much.

Mr. LATTA. I have one question, Mr. Chairman.

The CHAIRMAN. All right.

Mr. LATTA. Are you for cow quotas?

Mr. ECKLES. I beg your pardon.

Mr. LATTA. Are you for cow quotas?

Mr. ECKLES. My opinion is that you should put your quotas, or your bases, on pounds of marketings.

Mr. LATTA. You are for poundage?

Mr. ECKLES. Pounds, volume.

Mr. LATTA. That is all.

Mr. BREEDING. Mr. Chairman, could I ask a question?

The CHAIRMAN. Yes, sir.

Mr. BREEDING. Mr. Eckles, I notice you made a statement about the Advisory Committee. Is this dairy program recommended by this Advisory Committee?

Mr. ECKLES. Quite close to the recommendations of that committee.

Mr. BREEDING. And is this Advisory Committee composed of a bipartisan membership?

Mr. ECKLES. I do not know all about their politics, Mr. Breeding. I am a former Kansan who moved to Wisconsin 7 years ago.

The CHAIRMAN. What did you ask about the committee?

Mr. ECKLES. I was one of four managers on the committee. The rest of them were dairy farmers from around the country.

The CHAIRMAN. Did you ask if they were all Democrats?

Mr. BREEDING. Yes.

The CHAIRMAN. We will call on the Secretary's office for that. Who is head of that Department?

Miss MABEL SNYDER. It is not a partisan committee, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Eckles.

Mr. JOHNSON of Wisconsin. Mr. Chairman, I would like to insert a further statement in the record.

The CHAIRMAN. Without objection that will be done.

(The statement of Congressman Lester Johnson of Wisconsin is as follows:)

STATEMENT OF CONGRESSMAN LESTER JOHNSON (NINTH DISTRICT, WISCONSIN) IN
SUPPORT OF HOUSE RESOLUTIONS 613 AND 614

Mr. Chairman, the dairy industry today is caught in a tightening squeeze between rising production and declining consumption. Since 1948, America's dairy farmers have produced more milk than can be sold through commercial channels. The excess has been purchased by the Government through price support and related programs. Since 1953, these Government purchases have exceeded \$200 million a year and in some years have gone over the \$500 million mark.

In 1961, milk production went up 1.5 percent while milk consumption dropped alarmingly by 2.5 percent. The administration, the Department of Agriculture, and the dairy industry are taking positive steps to increase consumption with concrete and well-substantiated assurances that our milk supply offers no hazards and continues to be one of the best sources of important nutrients for adults as well as for children. However, it will take time to undo the damage done to the milk market by the unfounded "scare talk" about radioactive fallout and cholesterol which has made milk its prime target.

In the meanwhile, dairy surpluses continue to pile up. During the past year, the Government purchased 329.5 million pounds of surplus butter, 124.4 million pounds of surplus cheese, and 1,193,300,000 pounds of surplus nonfat dry milk. It is estimated that the Government will spend over \$500 million in supporting milk prices during the current marketing year.

Even with these Government expenditures, the dairy farmer's income remains low. During the 1950's, returns on the farmer's and his family's labor ran as low as 30 to 50 cents an hour. In 1960, dairymen in Wisconsin's Ninth Congressional District, which I represent in Congress, received only 41 cents per hour for their labor.

As President Kennedy pointed out in his farm message to Congress January 31, the Secretary of Agriculture is not authorized by existing law to set the price support rate for milk and butterfat above 75 percent of parity unless such action is necessary to assure an adequate supply. Because the present supply is considerably more than adequate, the Agriculture Secretary has no choice under existing law but to announce the reduced support level of 75 percent of parity for the marketing year beginning April 1.

President Kennedy recommended that Congress enact new, long-range legislation to help our important dairy industry solve its pressing supply management problems. In order to insure dairymen against income losses during the time it necessarily takes for Congress to consider and act on new legislation, he called for passage of a congressional resolution to maintain dairy supports at their present levels for 9 months after they are due to expire March 31.

Mr. Chairman, I was happy to join you in introducing this important resolution in the House. On the Senate side, the resolution is being sponsored by my Wisconsin colleague, Senator William Proxmire, and by Senator Hubert Humphrey of Minnesota. This joint House and Senate resolution provides that the present dairy price support levels of \$3.40 per hundredweight for manufacturing milk and 60.4 cents a pound for butterfat be continued through December 31 of this year.

I urge my colleagues on the House Agriculture Committee to favorably report out this resolution as soon as possible. The Congress has less than 2 months to act before the present law will force the lowering of dairy price supports, causing major income disruptions for the 1 million farmers across the land who sell milk. Of that number, over 400,000 receive more than half their income from dairying.

The importance of our dairy industry cannot be overemphasized. It furnishes consumers with basic food products that are highly perishable, yet reach the

consumer fresh and pure and at moderate cost. Almost every State in the Union produces milk. It provides twice as much of the cash income for our farmers as any other basic crop. In addition to the farmers who produce the milk, the dairy industry furnishes employment for almost 300,000 persons who process and handle dairy products before they reach the retail level.

The dairy industry is a worthy example of American agriculture, and it should be maintained and strengthened. Thank you.

The CHAIRMAN. We have here two telegrams, one addressed to myself as chairman and one to Congressman Abbitt which will be made a part of the record at this point.

(The telegrams referred to are as follows:)

HARRISONBURG, VA., February 5, 1962.

Congressman WATKINS ABBITT,
House of Representatives, Washington, D.C.:

This organization urges you to oppose Mr. Freeman's request before House Agriculture Committee Tuesday to pass a resolution retaining dairy price supports at \$3.40.

Our membership adopted this resolution at 55th convention January 2, 1962: We as dairymen are in favor of the basic objectives of support prices, as originally planned, to facilitate the orderly marketing of agricultural commodities.

In the period of time when commodities are being harvested and there is an excess supply, commodities should be supported at a level that producers could afford to store the surpluses in excess supply and continue to operate. Later when the surpluses disappear the producer would be in a position to market his commodities through normal channels and receive reasonable prices.

At no time should support prices on agricultural commodities be at a level which would include producers to produce and sell for the Government.

HAROLD W. ROLLER,
Executive Secretary Virginia State Dairymen's Association.

NEW YORK, February 5, 1962.

CHAIRMAN, HOUSE AGRICULTURE COMMITTEE
House of Representatives, Washington, D.C.:

As head of the largest independent butter firm in the country, and on behalf of millions of consumers, I urge that support price be lowered at least to 75 percent of parity pending your further study of President's program.

Continuing the present high-level support prices will (1) cause consumers to use even less dairy products, (2) cost the Government more money, and (3) create a situation where the public will refuse to give any support to any dairy program.

Warehouses now are already bulging with surplus butter, cheese and dried milk. There is little hope that these surpluses can be dissipated anywhere in the world. Let prices go down. Give the public a chance to buy dairy products—nature's finest food—by lowering support prices.

Please read this at your hearing, February 6.

HOTEL BAR FOODS, INC.,
FRED C. LOWENFELS.

STATEMENT OF HON. GRACIE FOST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mrs. FOST. Mr. Chairman and members of the committee, the joint resolution recommended by President Kennedy to continue the present price-support level on milk and butterfat for another 9 months has my wholehearted support. As a Representative from a State where dairying is an important segment of the economy, I want to express my ap-

preciation to the committee for holding hearings so promptly on this resolution. I bring to you also the personal thanks of the dairy farmers in the State of Idaho.

Passage of the resolution in both the House and Senate is vitally needed at this time so that the Nation's dairy producers can tackle the harsh economic fact that dairy consumption fell by 3 billion pounds during 1961. This situation occurred while the production of milk and related products held to its normal yearly increase, which was slightly above the year before. This gap, has added to dairy stockpiles held by the Commodity Credit Corporation and, according to present predictions, the President may be required to lower the support-price level to 75 percent of parity by April 1, as prescribed by law.

Maintaining price-support levels until the end of the year will enable the dairy industry to adjust its operations to the serious situation it finds itself in through no fault of its own. During this 9-month period, dairymen will have an opportunity to work in close cooperation with the Agriculture Department in developing a program for the future.

The public must be assured a continuing flow of high quality milk and milk products. The dairy farmer, at the same time, must not have the rug yanked out from under him. He must be given some assurances that his income will be maintained at a realistic level in harmony with the rest of the economy and the high cost of living today. Furthermore, surpluses must not be permitted to build up at the expense of the general public.

The dairy industry remains a major hub in the economy of our Nation, accounting for more than twice the cash income of any other farm product. Any drop in the dairy economy would immediately be felt by all other segments, with dire results for everyone. I know that failure to pass this resolution would be a devastating blow to Idaho's dairy farmers, large and small, and the impact on the State would be serious, indeed.

During last year, I was one of those who sponsored the bill to raise dairy support prices from \$3.22 to \$3.40 per hundredweight on milk and from 59.6 cents per pound to 60.4 cents on butterfat. The Agriculture Department subsequently, in March 1961, raised support prices to that level, and the effects proved to be a boon for dairy farmers throughout the Nation, adding some \$386 million to their annual income. This action had long been overdue and brought the income of dairy farmers up a little closer to what it should be. We now are faced with the responsibility of protecting these dairymen against the bankruptcies and foreclosures that ultimately follow a reduction in the price of milk and butterfat.

I urge members of the Committee to pass the dairy resolution which you have before you for consideration, as soon as possible.

The CHAIRMAN. The committee stands adjourned until 10 o'clock tomorrow morning, at which time we will hear Secretary Freeman discuss the Food and Agricultural Act of 1962.

(The following statement and letters were also submitted to the committee:)

STATEMENT OF CONGRESSMAN DURWARD G. HALL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MISSOURI

(Statement for submission to the House Committee on Agriculture to accompany
copy of letter to Dr. Terry)

Thank you, Mr. Chairman, for this opportunity to express my views regarding the serious decline in per capita consumption of dairy products and its effect on the legislation now being considered.

I believe there can be no dispute to the fact that unfavorable publicity attending Government news releases regarding radioactive fallout in milk has very substantially contributed to this decline. On February 6, I wrote a letter to the Surgeon General of the Public Health Service urging a reverse of this reporting technique and requested consideration for a change which would involve a radiation index to be applied to a market basket of food rather than to a single commodity such as milk.

Because I believe such an approach would help reverse the declining trend in milk consumption, this committee may find some merit in supporting my request coincidental with its action on the legislation now pending—copy of my letter is attached.

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 6, 1962.

DR. LUTHER L. TERRY,
Surgeon General, Public Health Service,
Washington, D.C.

DEAR DR. TERRY: I have been greatly distressed at the impact on domestic milk consumption per capita, which I believe to be influenced to a considerable degree by public misunderstanding of Public Health Service news releases on fallout in milk.

During the past year we experienced a 1.7-percent increase in population and only a 1.2-percent increase in milk production. Since there has been very little change in the retail price level, there is considerable support for the belief that the consumption decrease in the past year (approximately 3 billion pounds) has been affected by the fallout scare and the continuing "diet-heart cholesterol" controversy.

As a physician, I know the value and importance of milk in building strong young bodies and I believe that the harm which might accrue to young men and women whose milk diets are reduced is far greater than any harm they might suffer through the intake of radiation which the Public Health Service consistently has determined and announced as well within safe limits.

I believe the current method of reporting radiation fallout is extremely detrimental to both the general public and the dairy industry, and I suggest that the Public Health Service could perform a valuable contribution to the solution of this problem by revising its reporting of radiation data, so as not to reflect unfairly on milk.

Specifically, I urge the Public Health Service to consider using a radiation index that takes account of regular measurements of radioactive fallout, and that the index be applied to a "market basket" of food rather than to a single commodity such as milk, which is adequately strained through mankind's foster mother—the cow.

This market-basket approach would be similar to the methods used by the Department of Labor in measuring cost of living without calling specific attention to individual commodity items. A variety of food items that might include such commodities as milk, water, vegetables, meat, etc., could be included in the market basket.

Certainly the Public Health Service would have individual statistics necessary to fulfill its mission of protecting the public, but until and unless such statistics indicate a dangerous level in a specific food item, they would not be identified in regular news releases for public consumption.

Furthermore, I believe the Public Health Service should publish at once a résumé of the fallout situation, denying any basis for the fears suggested by recent ill-informed magazine articles written more with a view toward boosting sales than informing the public.

I believe that a sensible approach to the problem, using this or similar reporting techniques, would be a great service to the public and also to the dairy industry, which has been sorely affected through no fault of its own and with no basis in fact.

I believe the Public Health Service could also help set the record straight (as was done on a recent television show by President Kennedy) in respect to public misconceptions about cholesterol in milk.

I believe a great deal of good could be accomplished by pointing out that, except in individual cases as recommended by a physician, elimination of milk products from the diet are apt to cause far more harm than good.

Enclosed is a release from this office dated November 16, 1961, which may be of interest on the general subject of fallout.

I call your attention to the fact that these matters are of vital importance to thousands of dairy farmers who have suffered and are suffering serious economic consequences. Your consideration of and comments on these suggestions would be most appreciated.

Sincerely,

DURWARD G. HALL, *Member of Congress.*

NATIONAL CREAMERIES ASSOCIATION,
Washington, D.C., March 8, 1962.

Hon. HAROLD D. COOLEY,
*Chairman, House Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: At a meeting of the board of directors of National Creameries Association held February 28, 1962, at the Hotel Radisson, Minneapolis, Minn., the board gave very careful consideration to price support levels for manufacturing milk and butterfat for the marketing year beginning April 1, 1962.

Inasmuch as this resolution bears upon the subject matter of House Joint Resolution 613, I would appreciate having this letter inserted in the record of hearings held on such resolution. The resolution of our board of directors is set forth below:

"We believe the industry as a whole would be best served by some reduction in dairy support prices but we are most concerned that fluid milk producers in Federal order markets be responsible for their share of surplus: Therefore be it

"Resolved, we recommend that any reduction in support prices be considered only in the event that class I prices are adjusted proportionately at the same time."

Sincerely yours,

OTIE M. REED, *Executive Director.*

(Whereupon, at 12:50 p.m., the committee adjourned.)

H.R. 8050
IMPORTATION OF ADULT HONEY BEES

FEBRUARY 8, 1962

REPORT OF THE
COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1881

IMPORTATION OF ADULT HONEY BEES

THURSDAY, FEBRUARY 8, 1962

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RESEARCH AND EXTENSION,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, New House Office Building, the Honorable Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Jones, Quie, and Mrs. May.
Also present: Christine S. Gallagher, clerk.

Mr. ABERNETHY (presiding). The subcommittee will come to order.

We are meeting this morning for the purpose of taking testimony on H.R. 8050 by Mr. Cooley. As I understand, this bill was sent over by the Department of Agriculture, with a recommendation from the Secretary. At this point I would like for the letter from the Department, dated June 23, 1961, addressed to the Honorable Sam Rayburn, Speaker, be made a part of the record. And with that, the bill H.R. 8050.

(The letter dated June 23, 1961, and H.R. 8050 are as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 23, 1961.

HON. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is transmitted herewith, for the consideration of the Congress, a draft bill entitled "To amend the Act relating to the importation of adult honey bees."

The proposed legislation would amend the Honey Bee Act (42 Stat. 833; 7 U.S.C. 281) to prohibit or regulate the importation into the United States of adult honey bees of all species and subspecies. The present law is now specifically limited in its application to only one species of honey bees.

The proposed amendment would also amend the second proviso of 7 U.S.C. 281. Under that proviso adult honey bees may be imported into the United States from countries in which the Secretary of Agriculture shall determine that no diseases dangerous to adult honey bees exist. The proposed amendment would add a provision that adult honey bees could not be imported from countries which do not take adequate precautions to prevent the importation of honey bees from countries where such diseases occur.

Apis mellifera, "the present species' name for the honey bee designated as *Apis mellifica* in the Act, is only one of four known species of honey bees, the others being *A. indica*, *A. florea*, and *A. dorsata*. These latter three species may now be imported without restriction since the present act is specifically limited in its application to *A. mellifera*. Recently an infestation of *Acarapis woodi*, a mite that causes a serious disease of *A. mellifera*, was discovered at the Beltsville Bee Culture Laboratory of the Department of Agriculture in specimens of *A. indica* imported from India. This illustrates the potential danger in importing species of *Apis* other than *A. mellifera*.

Acarine disease, caused by the mite *Acarapis woodi* Rennie, is one of the most serious diseases affecting the honey bee. This disease is considered more serious

than any other disease of bees, adult or brood, by apiculturists in the countries where it exists. In some cases abroad it has been so destructive that it has virtually wiped out the apiculture industry in heavily infested localities.

The acarine mite is known to be present in 22 countries which represent most of Europe plus South Africa, India, and two countries in South America—Argentina and Uruguay. It is probable the disease also occurs in other countries where its presence has not been noted. The probability of this is suggested by the facts associated with the discovery of acarine disease at Beltsville in the bees from Punjab, India. That was the first record of the mite being present in India and first for the *indica* species.

At the present time to our knowledge we do not have the disease in the United States. We have had quarantine restrictions on the importation of bees since 1922, imposed primarily to exclude this disease. Should the disease be introduced into the United States, it could have a devastating effect not only upon beekeeping but upon agriculture in general through the more than 50 crops that now rely heavily on the honey bee for pollination. There are approximately 450,000 beekeepers in the United States operating a total number of colonies in excess of 5 million. The value of the honey bee in pollination is often quoted as at least 10 times that of the honey and beeswax crop of \$50 million annually.

Amendment of the act as recommended would not involve the expenditure of any additional funds for its enforcement, since its effect would be to prohibit the importation of additional species of adult honey bees, except that the Department could bring in such bees under adequate safeguards if necessary for experimental purposes.

A similar letter is being sent to the President of the Senate.

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

Sincerely yours,

ORVILLE L. FREEMAN.

A BILL To amend the Act relating to the importation of adult honeybees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act of August 31, 1922 (42 Stat. 833; 7 U.S.C. 281) is amended to read as follows:

"Section 1. In order to prevent the introduction and spread of diseases dangerous to the adult honeybee, the importation into the United States of all honeybees of the genus *Apis* in the adult stage is hereby prohibited, and all adult honeybees offered for import into the United States shall be destroyed if not immediately exported: *Provided*, That such adult honeybees may be imported into the United States by the United States Department of Agriculture for experimental or scientific purposes: *Provided further*, That such adult honeybees may be imported into the United States from countries in which the Secretary of Agriculture shall determine that no diseases dangerous to adult honeybees exist and that adequate precautions have been taken by such countries to prevent the importation of honeybees from countries where such dangerous diseases exist, under rules and regulations prescribed by the Secretary of the Treasury and the Secretary of Agriculture.

[H.R. 8050, 87th Cong., 1st sess.]

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honeybees from countries where such dangerous diseases exist, under rules and regulations prescribed by the Secretary of the Treasury and the Secretary of Agriculture."

Mr. ABERNETHY. The first witness will be Dr. Popham, from the Department.

Will you identify yourself and your colleagues, please, sir?

**STATEMENT OF WILLIAM L. POPHAM, DEPUTY ADMINISTRATOR,
REGULATORY PROGRAMS; ACCOMPANIED BY E. P. REAGAN,
DIRECTOR, PLANT QUARANTINE DIVISION, AND S. P. LEJKO,
ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL RESEARCH
SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Dr. POPHAM. Mr. Chairman, I am W. L. Popham, Deputy Administrator of the Agricultural Research Service of the Department of Agriculture.

I have with me Mr. Reagan, who is Director of the Plant Quarantine Division of the Agricultural Research Service, and Mr. Lejko, who is Legislative Assistant to the Administrator in the Agricultural Research Service.

I am here to present a brief statement in support of H.R. 8050, a bill to amend the Honeybee Act, which regulates the importation of adult honey bees.

The purpose of the legislation is to provide more adequate protection against the introduction of acarine disease, a destructive disease affecting adult honey bees. The amendment would broaden coverage of the Honeybee Act to prohibit or regulate the importation into the United States of all species of adult honey bees. The present law applies to only one species of the common honey bee. There are three other known species that may now be imported without restriction and which could be the means of introducing the disease.

Mr. ABERNETHY. Has there been any evidence of disease being introduced by the importation of this variety of bees?

Mr. POPHAM. Yes, we had a recent case of such bees that were native to India and that region which were brought in. These were dead bees, but on examination it was found that they were infected with the acarine disease.

We have research evidence that the other three species not now covered, *Apis indicia*, *Apis florea*, and *Apis dorsata*, are all susceptible to attack by the mite. This was not known in 1922.

Mr. JONES. You say the mite—that is what is sometimes referred to as lice on bees, is it?

Dr. POPHAM. It is similar. This is a microscopic mite that invades the throat or the air sacs of the bee and it blocks the air sacs. And in addition to that, it draws blood from the throat, so to speak, of the bees. In time it will not only kill the bee that is attacked, but it will spread throughout the colony. And unless costly controls are undertaken, it may wipe out the colony of bees.

Mr. JONES. The reason I asked you this question is that I have one beekeeper in my area who last year was talking about lice on bees. I had never thought about anything as small as lice on bees.

You said that it was a mite. I just wondered if that was the same thing he was probably referring to.

Dr. POPHAM. I rather suspect that he was speaking of lice rather than the mites.

Mr. JONES. The mite is smaller than the louse, then?

Dr. POPHAM. Yes, sir. This one is extremely small.

Mr. JONES. We do not have any of that infestation in this country at the present time, do we?

Dr. POPHAM. We do not, so far as we know.

Mr. JONES. Thank you.

Mr. ABERNETHY. You may proceed.

Dr. POPHAM. The provision in the present law permitting the Department to import adult honey bees for experimental or scientific purposes would be retained. When such importations are authorized, these bees will be kept completely separated from native bees in facilities designed by the Department to achieve the required security. If the imported bees are found to be infested on arrival or thereafter, they would be destroyed immediately.

The amendment would permit the importation of honey bees from countries free of diseases of concern to our industry.

The amendment would also exclude importations from countries which do not take adequate precautions to prevent the importation of honey bees from countries where such diseases occur.

Acarine disease is caused by a microscopic mite, which invades the trachea of the adult bee. Individual bees become weakened because of the block of their tracheae, or air tubes, and also because of a continuous loss of blood on which the mites feed. This disease is considered more serious than any other disease of bees in all countries where it exists. In areas abroad it has seriously affected the beekeeping industry in heavily infested localities.

Acarine disease was first observed on the Isle of Wight, off the coast of the British Isles, in 1904. It was not until 1920 that the mite responsible for the malady was discovered and named. By that time it had spread over all of England. It is now known to be present in 23 countries, which represent most of Europe, plus South Africa, India, and three countries in South America—Argentina, Uruguay, and Chile. It is possible the disease may also occur in other countries where its presence has not been noted. The probability of this is illustrated by the recent receipt of a sample of dead bees of a species other than the common honey bee by the Bee Culture Laboratory at Beltsville from Punjab, India. The sample was found infested with the acarine mite. This was the first record of the mite being present in India and the first time it had been found in the species involved.

To the best of our knowledge this disease is not present in the United States. Should it be introduced, it could have a devastating effect, not only upon beekeeping but upon agriculture in general, since more than 50 of our major crops now rely heavily on the honey bee for pollination. There are approximately 450,000 beekeepers in the United States operating more than 5 million colonies. The value of the honey bee for pollinating purposes cannot be overemphasized. It exceeds by far the \$50 million annual value of the honey bee crop.

Present methods of treating this disease in countries where it occurs are costly and time consuming and would impose additional burdens upon an industry already operating on a small margin of profit. Furthermore, known control measures are adapted for use

by small-scale operators and would not always be readily applicable to beekeeping on a large scale as practiced in this country.

The American beekeeping industry has been quite concerned about the possible introduction of acarine disease. Both the American Beekeeping Federation and the Apiary Inspectors of America have urged that the Department increase its attention to the potential threat from this disease and exercise every possible means to prevent introduction of the acarine mite.

I should like to just add to this statement that both the National Plant Board, an organization of State regulatory officials, and the National Association of State Departments of Agriculture, have adopted resolutions in support of this legislation.

The Department would recommend that this legislation be passed.

Mr. ABERNETHY. Dr. Popham, have you encountered any objection to the amendment?

Dr. POPHAM. There have been one or two instances of scientists who were looking for new species of bees for one purpose or another who have been somewhat upset by the fact that there were regulations preventing the introduction of bees that might carry diseases that we do not have in this country.

Mr. ABERNETHY. Have not some of those objections been eliminated since this matter was sent over last year?

Dr. POPHAM. To our knowledge, yes, sir.

Mr. ABERNETHY. Was there not some objection from someone down in Florida, or do you know?

Dr. POPHAM. Yes, sir; there was one from Dr. DuPraw, who was quite anxious to import other species of honey bees from various parts of the world.

Mr. ABERNETHY. Did he recognize the problem you have called to our attention?

Dr. POPHAM. He felt that the regulations were quite restrictive. I think he recognized the problem, but he was not in complete accord with the Department's position on the matter.

Mr. ABERNETHY. Did some of your colleagues counsel with him about it?

Dr. POPHAM. Yes. He has been in communication with our honey bee scientists in the Agricultural Research Service. They have shown him a way in which this could be done without bringing the disease into the country.

Mr. ABERNETHY. It is the feeling of the Department, however, that this legislation is necessary, and except for a few objections here and there, it is strongly supported throughout the country.

Dr. POPHAM. That is true.

Mr. ABERNETHY. And it is supported by them.

Dr. POPHAM. Yes.

Mr. ABERNETHY. If you could, would you point out to us in the bill the language which amends the act—can you point out the amending language? The bill states, "that section 1 of the act of August 31, 1922, is amended to read as follows"—evidently that brings forward old law and it incorporates the proposed new law.

Dr. POPHAM. Yes, sir.

In section 1 we are adding, "all honeybees of the genus *Apis*."

Mr. ABERNETHY. That is new language?

Dr. POPHAM. I think that it would be better if I read this right through, Mr. Chairman.

Mr. ABERNETHY. All right.

Dr. POPHAM. Section 1 would read:

In order to prevent the introduction and spread of disease dangerous to the adult honeybee, the importation into the United States of—

and then delete “the honeybee (*A. mellifera*)” and add “all honeybees of the genus *Apis*.”

And then going on with the old language:

* * * in the adult stage is hereby prohibited, and all adult honeybees offered for import into the United States shall be destroyed if not immediately exported: *Provided*, That such adult honeybees may be imported into the United States— and then delete “for experimental or scientific purposes,” and continuing, “by the United States Department of Agriculture,” and inserting, “for experimental or scientific purposes.”

Mr. ABERNETHY. You are just putting that language back in another place?

Dr. POPHAM. Yes, that is right. Delete “and,” then, continuing with the old language:

Provided further, That such adult honeybees may be imported into the United States from countries in which the Secretary of Agriculture shall determine that no disease dangerous to adult honeybees exists,

and then we would add,

“and that adequate precautions have been taken by such countries to prevent the importation of honeybees from countries where such dangerous diseases exist,

That is the end of the inserts. And continuing with the old language—

under rules and regulations prescribed by the Secretary of the Treasury and the Secretary of Agriculture.

Mr. ABERNETHY. How many crops would you say were dependent upon the honey bee for pollination?

Dr. POPHAM. There are some 50 major crops. Of course, there are many more. The honey bees are really the best pollinators we have, and perhaps enter into the pollination of most of our plants.

Mr. ABERNETHY. And that is something that is extremely important to the growing and the production of those crops?

Dr. POPHAM. Yes, sir; it is.

Mr. ABERNETHY. I believe that is all. Thank you. Are there any questions?

Mr. JONES. What was the variety of bee, or the name of the first one that you deleted from the bill?

Dr. POPHAM. That was *Apis mellifera*.

Mr. JONES. What is the difference between the genus *mellifera* and this *Apis*, now?

Dr. POPHAM. *Apis mellifera* would be the specie—there would be several species available.

Mr. JONES. Heretofore you have only eliminated one specie, is that right?

Dr. POPHAM. That is right.

Mr. JONES. Now you are broadening that to eliminate more?

Dr. POPHAM. To eliminate three other known species of the honey bees, that is right.

Mr. ABERNETHY. Are there any other known species, other than these?

Dr. POPHAM. These are all of the known species of honey bees that would be susceptible to this mite, that is, to this disease.

Mr. JONES. When they import honey bees, in what quantities do they usually bring them in—do they bring in a whole colony, or just the queen bee?

Dr. POPHAM. It depends on just for what purpose they have in mind. Of course, one of our problems is the fact that people are traveling so much today. If they are interested in bees and they see a new specie of bee in some other part of the world, they may just, out of human interest, want to bring some back with them. Of course they would have a queen bee with them, or they might bring any part of a colony.

Mr. JONES. I had a very interesting conversation nearly a year ago with the largest beekeeper in my area. Of course, I know nothing about bees. He made some interesting observations and explained to me how they operated.

I got the impression from him that the bees that were imported were usually just the queen bee, and then through the queen bee they propagated a bee strain or the colony in that way. And as I told you a minute ago, he seemed to be interested in the lice on the bees. He said that we should have stricter laws providing for the inspection of them to detect this lice, which he said would be very damaging to the bee industry if it should get in here in any quantity.

Does this legislation have anything to do with that, which will offer any protection as to the lice that he spoke about?

Dr. POPHAM. I would suspect that he was referring to mite, then, in a statement of that kind.

Mr. REAGAN. I would think so.

Dr. POPHAM. He evidently was referring to something that we do not have in this country.

Mr. JONES. He said that it was not in this country now, but that it had been in the other countries. He was very much concerned at that time that I talked to him, which I think was about a year ago. I believe it was the Easter recess when I was down home. Was any bill pending at that time? This bill was not introduced until July 10. Had there been some discussion in the industry about this at that time?

Dr. POPHAM. Yes, sir; there has been discussion over a period of several years.

Mr. JONES. And you think that what he was talking about would be covered by this bill?

Dr. POPHAM. It would be, the *Acarine* mite; yes, sir.

Mr. JONES. I know that you mentioned the fact here about the number of people engaged in this industry, 450,000 beekeepers in the United States. How many hives or colonies would a person have to have to be recognized as a beekeeper?

Dr. POPHAM. That is rather difficult to answer. I would say that the 450,000 are people who handle bees commercially. That may be either for pollination or for the production of honey.

Mr. JONES. How many hives or colonies would a person have to have to be a good-sized beekeeper—what would be the average? Is there any way to classify them in that manner?

Dr. POPHAM. Would you make an educated guess?

Mr. REAGAN. I cannot make one that would mean too much, Mr. Jones. It would be 50, although I just do not know.

Mr. JONES. This man has 1,000 hives, he told me. What would he be considered?

Dr. POPHAM. He would be a big operator.

Mr. REAGAN. He is a big operator.

Dr. POPHAM. If he got back to 20 or 50 colonies, I would say that he was a small commercial operator.

Mr. JONES. I know that only within the last year I became interested in this subject. I noticed this last year, that he was one of the first people, at least in my part of the country, who shipped a whole carload of honey.

He told me that he had such good luck with the bee industry that he was getting 100 pounds of honey per hive, whereas the average there in Missouri was something like 30 pounds. One hundred pounds of honey is a pretty big production, is it not?

Dr. POPHAM. That is excellent production, yes, sir.

Mr. JONES. This committee might be interested in this, too. He told me something that I did not know.

When he first came down there—incidentally, he is a graduate of Cornell University—he is a scientific producer—to my part of the country, he had trouble getting locations to put his hives. The farmers did not want them. Now he has a long waiting list of people who want to have these bees on their farms. I was amazed to find this out.

He said that he had records showing that he could increase the yield of soybeans up to 11 bushels per acre where these bees pollinate. He also told me that he had had indications that through the use of bees he would increase the yield of cotton.

Mr. ABERNETHY. I am for him.

Mr. JONES. Another thing that I was amazed to find out is that there is a regulation in the soil bank that you cannot put a beehive on land that is in the soil bank. You have to put it on the other side of the fence.

Mr. ABERNETHY. How do they keep the bees out?

Mr. JONES. I do not know about that. They would have trouble keeping the bees from working there. You cannot put it on the soil bank land, however; you have to have it over the fence from it.

Mr. ABERNETHY. I would think that the gentleman who imposed that regulation might be dispensed with.

Mr. JONES. Those are the some interesting sidelights. I spent about an hour with this gentleman. He was really giving me a short course in bee culture and how important it was to this area. Then later this last fall he shipped a whole carload of honey, and that is a lot of honey, it seems to me.

Mr. ABERNETHY. That is.

Mr. JONES. Thank you. I thought you might be interested in this.

Mrs. MAY. I might follow up Mr. Jones' remarks by stating that the 450,000 beekeepers, from information I have received, represent over 5 million colonies of bees.

I think the importance of this amendment, so far as protection to our farming industry is concerned, was brought out by the fact that

the bees' wax production and honey production you stated is something like \$50 million annually, is that right?

Dr. POPHAM. That is correct.

Mrs. MAY. And I understand that the economic effect of the pollination, that is, the value of the honey bee in pollination, is estimated at least 10 times that of the production of honey.

I might state that the Central Washington Beekeepers Association, as well as our Washington State Beekeepers Association, have been interested in getting this amendment to the act. I come from a big fruit area and they have pointed out to me, when I have talked to them about it, what it would mean to our apple, peach, and pear industry, where we are so dependent upon pollination.

One of the representatives from the Central Beekeepers Association has been in England, that you spoke of as having been so heavily infested, and has seen the actual results of this disease infestation in the fruit areas. It wiped out acres of fruit that were directly traceable to a lack of pollination because of the disease in the bees.

I understand from your Department, with whom I checked a year or so ago on this, that one of the reasons for the recent urgency for this amendment is the fact that they discovered this acarine mite on another genus, *Apis indica*, on two occasions.

Dr. POPHAM. That is correct.

Mrs. MAY. This emphasizes the need for legislation now. It is not only something that might happen, but is actually imminent, so far as the disease in the United States is concerned.

That is all. Thank you.

Mr. QUIE. Have you discovered this on bees that have been imported into this country?

Dr. POPHAM. So far as we know, the disease is not established in this country. The only opportunity we have had to see it has been intercepting bees that were coming into the country.

Mr. QUIE. Do you think that some have gotten into the country and are going to contaminate some colonies, or do you think that all have been intercepted?

Dr. POPHAM. We are hopeful they have been intercepted.

Mr. QUIE. What kind of a check do you make? Do all of the bees have to go through one in order to come in?

I notice that this is to prevent the importation of bees from areas where they have the disease. What about the countries that are clean? Do they all have to have a health check to come in, or are some of them OK?

Dr. POPHAM. They would have to come in under a permit, even from the countries that are free. Canada is the exception.

Mr. QUIE. Do you make a spot check, or do you check all those bees when they come in?

Dr. POPHAM. Of course, the port of entry inspection system takes care of that. We examine all imports of that kind, whether they are coming in as cargo or whether they are being carried by passengers on airplanes or what not. Only those that are coming in with a permit from a country known to be free of the disease would be permitted to enter.

Mr. QUIE. These are only detectable by the use of a microscope?

Dr. POPHAM. The mite is microscopic in size. It is too small to be observed with the naked eye.

Mr. QUIE. How important is the importation of honey bees to the honey bee industry in this country?

Dr. POPHAM. That is rather difficult to measure. Of course, the scientific producers are always looking for bees that will be more productive, but there is a provision for bringing them in, in a way that involves no risk, so far as the disease is concerned. It is only the adult bee that is attacked by the mite.

Our research people have learned how to bring the immature stages of bees from colonies that are certified as being free of the disease into this country and growing them from the immature stages. So actually, here is an opportunity to take full advantage of any new stock from anywhere in the world without taking the risk associated with bringing the adult bees in.

Mr. QUIE. So then all importations are for the purpose of improving the stock in this country, rather than getting in a volume of bees to be used here; is that it?

Dr. POPHAM. That is right.

Mr. QUIE. Thank you.

Mr. ABERNETHY. I want to ask another question which probably has no bearing on this.

Why do they refer to the adult honey bees here? I thought those things, when hatched out and released, were adults then. Do they grow further after they are hatched out?

Dr. POPHAM. Yes. The egg stage may be brought in. That would be free of the mite. But after the bees develop—

Mr. ABERNETHY. Are all bees adults? Are they not?

Dr. POPHAM. There are several stages. There is the egg and the larvae and the pupae and the adult bee.

Mr. JONES. What is the average life of a honey bee?

Dr. POPHAM. I think I should make it clear that I am not a specialist in bees. Would you give the answer?

Mr. REAGAN. I do not know.

Dr. POPHAM. We will be glad to supply that.

(Dr. Popham later supplied the information that the average life of a honey bee during the active season is approximately 35 days.)

Mr. JONES. I asked that out of curiosity.

Where these bees are brought in at the point of entry, is there a period that they are kept there, or are they just inspected quickly? How many places of entry do we have for honey bees?

Dr. POPHAM. Under this legislation, any adult bee that is brought into the country would be brought to Beltsville and would be held there.

Mr. JONES of Missouri. You would have one checkpoint, then?

Dr. POPHAM. One checkpoint, yes.

Mr. JONES of Missouri. That would facilitate, of course, the recognition of the disease.

Mr. QUIE. With the exception of Canada?

Dr. POPHAM. Yes, with the exception of Canada.

Mr. ABERNETHY. Is there anything further?

I would just like to say that in this day and era of broad travel, fast and rapid transportation, and the tremendous quantity of imports and exports, there is such a tremendous opportunity of bringing into this

country various and sundry diseases that attack our agriculture, and I think therefore, that this bill is rather important to agriculture.

I want to say, Dr. Popham; while there are many fine services that are administered by the Department and our State plant boards, that the inspection service rendered with regard to these various inspection acts, I think, are second to none that we have in the Department.

Dr. POPHAM. Thank you.

Mr. ABERNETHY. We thank you, gentlemen. We will have an executive session.

For the record, however, I would like to insert a letter that was presented to me by Congressman Matthews from Mr. W. G. Cowperthwaite, director of the division of plant industry of the Department of Agriculture of the State of Florida, together with several letters I have received from interested State plant board people in my State.

These will be made a part of the record at this point, and the members may have permission to insert other communications they may have in the record.

(The letters referred to and others submitted to the subcommittee follow:.)

STATE OF FLORIDA,
DEPARTMENT OF AGRICULTURE,
DIVISION OF PLANT INDUSTRY,
Gainesville, Fla., February 5, 1962

HON. D. R. MATTHEWS,
House Office Building,
Washington, D.C.

DEAR SIR: I am writing to ask your support of H.R. 8050 and urge that you do everything in your power to secure its passage. This bill amends the Honey-bee Act of 1922 by extending the quarantine against the acarine mite (*Acarapis woodi*), a serious pest of the honey bee (*Apis mellifera*). The present law restricts the importation of only one specie of honey bee (*Apis mellifera*), but allows the importation of other members of the genus *Apis*, which are known to be hosts of the acarine mite (*Acarapis woodi*).

Florida ranks third in the Nation in honey production with 20 million pounds in 1961. Our bee population has reached 283,000 colonies, with another 25,000 colonies added from bees in transit to and from other States. In view of these facts you can see why we are so vitally interested in keeping the acarine mite (*Acarapis woodi*) out of the United States.

The Florida Department of Agriculture, through the division of plant industry, has spent close to \$75,000 per year for the past several years attempting to control, suppress, and eradicate, where possible, American and European foulbrood diseases of honey bees. The acarine mite disease is more difficult and costly to control than the foulbrood diseases now plaguing the apiary industry and its presence in the United States would be extremely detrimental to the apiary industry.

The mite, *Acarapis woodi* Rennie, causal agent of acarine disease, passes its entire growth stage from egg to adult within the trachea of the honey bee, *Apis mellifera* L. All the bees, workers, drones, and the queen within the hive are affected. Not only do the mites complete their development within the trachea but they also breed within this region, and as a result of this secure establishment it is impossible to dislodge them from the affected bees. Individual bees become weakened because of the blocking of their trachea or air tubes and also because of a continuous loss of blood on which the mites feed.

As the trachea becomes clogged with mites the fertile mite females pass to the outside of the bee and attach themselves to other bees in the vicinity, thus spreading the infestation within the hive. Infested bees can continue to forage and collect nectar for some time. It is known that within an apiary there is considerable drifting of the worker bees from one colony to another, and it is also known that there is considerable robbing among colonies. Both of these factors spread the disease from one colony to another. The movement

and shipment of infected bees, either entire colonies or queen bees, spread this disease from one area to another.

The known methods of controlling the acarine mite are expensive, impractical and next to impossible to use in any regulatory program. This mite certainly is a very dangerous threat to the beekeeping industry of Florida and to the United States in general and, in my opinion, the Honeybee Act of 1922 should be amended to include all species of *Apis*.

The American Beekeeping Federation and the Apiary Inspectors of America have approved the above amendment and I urge that you do everything possible to have this bill acted upon favorably in order to protect the apiary industry in Florida and the United States.

Very truly yours,

W. G. COWPERTHWAIT,
 Director, Division of Plant Industry.

STATE PLANT BOARD OF MISSISSIPPI,
 State College, Miss., February 5, 1962.

HON. THOMAS G. ABERNETHY,
 *House Office Building,
 Washington, D.C.*

DEAR TOM: Our apiary inspector, Mr. Homer Tate, has requested that I write and urge you to support H.R. 8050, Congressman Cooley's bill which will prohibit the importation of all honey bees of the genus *Apis* in the adult stage. The various beekeeping organizations, both beekeepers themselves, as well as the apiary inspectors, are unanimously in favor of the passage of this bill. They are of the opinion that its passage is very necessary to protect the beekeeping industry of this Nation against the possible importation of the mite, *Acarapis woodi*, which causes acarine disease.

We in Mississippi are very interested in the passage of this legislation, as beekeeping is an important industry, especially in your district. As you are well aware, Stover Apiaries at Mayhew are the largest queen-bee producers in this State and probably in the Nation.

I have been told that similar legislation was introduced last year and, while there was no particular opposition to it, it failed to pass due to lack of interest by the beekeeping industry and the Members of the Congress. The beekeepers this year are planning to write their congressional delegations and express their interest in the passage of this legislation, so that their industry will be protected from this serious pest which is not as yet present in the United States. I wish to join them in their request that this legislation be enacted.

Anything you can do to assist will be greatly appreciated.

Sincerely yours,

R. P. COLMER, *Chief Inspector.*

STATE PLANT BOARD OF MISSISSIPPI,
 Booneville, Miss., January 29, 1962.

HON. THOMAS G. ABERNETHY,
 *House of Representatives,
 Washington, D.C.*

DEAR MR. ABERNETHY: As a beekeeper, an assistant adviser to the Prentiss County Beekeeping Club, and inspector for the Mississippi Plant Board, I am very much interested in the passage of House bill H.R. 8050 amending the Honeybee Act of 1922. You are aware of the importance of the bee industry in our State, and our State's importance to other States and countries in producing packaged bees and queens. Also you are aware of the dangers of acarine disease possibly being brought into our country by the continued importation of honey bees, and related species.

The experts tell me that the importation of this disease into our country through bee imports would cripple this important industry for years to some.

I would appreciate your assisting in steering this bill out of committee, and to successful passage. I also wish to thank you for your unrelenting efforts in promoting the agricultural program which has meant so much to the farmers of our State and Nation.

Sincerely,

A. L. TIDWELL, *Inspector.*

STATE OF MONTANA,
OFFICE OF THE STATE ENTOMOLOGIST,
Bozeman, Mont., January 31, 1962.

Representative TOM ABERNETHY,
Chairman, Subcommittee on Research and Extension,
House Office Building, Washington, D.C.

DEAR REPRESENTATIVE ABERNETHY: As immediate past secretary of the national organization known as Apiary Inspectors of America, and as chairman of the Acarine Mite Committee of the American Beekeeping Federation, I am very interested in legislation relating to honey bees, and especially regulatory legislation.

Two years ago, a bill was introduced to amend the original Honeybee Act of 1922. The present bills, which I am informed carried over into the 2d session of the 87th Congress, are listed as S. 2158 and H.R. 8050.

The honey industry in the United States is at the present time threatened with the importation (coincident with importation of possibly infested queen bees) of a mite known as *Acarapis woodi*. This mite infests the trachea of mature honey bees causing inefficiency of production and eventually death of the bee. The disease or infestation as it is more properly called, which is caused by this mite, is acarine disease. Acarine disease is present in most European and Asiatic countries, and also in South and Central America.

The present Honeybee Act (of 1922) makes it illegal to import honey bees (*Apis mellifera*) from any country except Canada, and Canada has a law similar to ours. More recent information informs us that *Acarapis woodi* can be carried by bees other than *Apis mellifera* and later transferred to honey bees.

Some scientists in the United States have recently imported bees of the same genus (*Apis*) as the honey bees, but of a different species (*Indica*). These can carry the infective mite and they can enter the United States legally, because only *Apis mellifera* is specifically mentioned in the original Honeybee Act.

These same scientists have told us that there is little likelihood that *Acarapis woodi* could exist in our country. These statements can be contradicted by the following information: American bees which have been exported to infested areas abroad have been found to be extremely susceptible to this disease.

The outstanding scientist in this field, Dr. Otto Morgenthaler, of Switzerland, has stated that "anyone who has seen the devastation caused by acarine disease in the apiary, would understand that responsible authorities would not expose beekeeping areas, now free of the disease, to an infestation of this type."

The Apiary Inspectors of America 2 years ago unanimously voted to support the amendment presented by Senator Ellender, and were in turn supported by the American Beekeeping Federation, assembled in convention at that time. The bill apparently never came out of committee, so last year we again voted to support this amendment, and were again supported in our views by the American Beekeeping Federation. After much letterwriting, we of the apiary inspectors group were again disappointed last fall to find out that the bill still had not come out of committee and, according to Senator Mike Mansfield, it was because of insufficient outside interest. What do we have to do to get these bills out of committee? This legislation is important, not only to the honey producers of the United States, but also to all fruit and seed growers who use honey bees for pollination. If infected bees are brought into the United States, and if the mite is subsequently picked up by the honey bees, we apiary inspectors will have no alternative but to quarantine all general areas of infection for an indefinite period in an effort to eradicate the mite. This would mean that there could be no bees moved to pollination of fruit, alfalfa, cotton, melons, and other fields of agriculture which normally use the honey bee for pollination. The Senate bill 2158 merely asks that the original Honeybee Act of 1922 be amended to exclude from importation into the United States all adults of the genus *Apis*.

This will not exclude the possibility of scientists importing material for research as it has already been proven that both eggs and semen can be transported successfully, and the mite *Acarapis woodi* could not be transported with either of these materials, as the acarine mite cannot survive more than 24 hours off its adult host.

Immediate consideration of these measures is imperative so far as the beekeeping industry is concerned. Each day that these bills remain unconsidered increases the possibility of importation of the infective mite *Acarapis woodi*, and consequent contamination of our industry with another and very serious

disease. Many of our members have written their Senators and Representatives, and in most every case these Senators and Representatives have promised their prompt attention and sincere efforts as soon as the bill is presented on the floors of the Senate and House. Our problem is to get these bills out of committee so they can be considered. I believe strongly that there will be little, if any, opposition to these amendments if they are reported favorably out of committee.

Your help is sincerely appreciated.

Very truly yours,

LLOYD N. GRAHAM,
Assistant State Apiarist.

FRONTENAC, MINN., January 18, 1962.

Representative ALBERT H. QUIE,
House of Representatives, Washington, D.C.

DEAR SIR: Enclosed you will find a clipping from "Gleanings in Bee Culture," which will explain why I am writing to you.

Wish you would help to get these bills out on the floor and get them passed.

Hoping you will help this along, I am,

Very truly yours,

EDWIN M. D. HUNECKE.

LACK OF INTEREST CAUSES LEGISLATION TO BOG DOWN

A report has reached us that the legislation prohibiting the importation of any species of the honey bee into the United States has bogged down in the agricultural committees of both the House and the Senate.

Two companion bills, S. 5158 and H.R. 8050, to amend the Honeybee Act of 1922 were introduced into the 1st session of the 87th Congress and both these bills have been buried in their respective agricultural committees to which they were referred.

Neither of these bills has come up for hearings or has been acted upon by the respective agricultural committees to which they were referred. Therefore, since the second session of the present Congress will convene in January 1962 it seems imperative that efforts be renewed to obtain passage of this legislation.

These bills propose to amend the Honeybee Act to prohibit the importation of all honey bees of the genus *Apis* in the adult stage and are in accord with resolutions adopted by the American Beekeeping Federation and the Apiary Inspectors of America. At present, the act prohibits the importation of only the adult stage of the common honey bee *Apis mellifera*.

It is now known that the trachea-infesting mite *Acarapis woodi* which causes acarine disease also infests other species of *Apis* besides *mellifera*, thus it is deemed necessary and urgent that this legislation be enacted to further protect the beekeeping industry against the possible importation of this parasitic mite into the United States.

At present, efforts should be concentrated on the committee members, as it is up to them to first act on these bills. All beekeepers, and especially those in States having Senators and Representatives on the committees, should let their Congressmen know at once how they feel about this legislation and urge that it be brought out of committees and up for action before Congress.

MISSISSIPPI BEEKEEPERS ASSOCIATION,
State College, Miss., January 8, 1962.

HON. THOMAS G. ABERNETHY,
House of Representatives, Washington, D.C.

DEAR MR. ABERNETHY: During the past session of Congress bills were introduced in the Senate and House to amend the Honeybee Act of 1922. The House bill was H.R. 8050, introduced by Congressman Cooley, of North Carolina. We were advised that no action was taken because of the general lack of interest in the matter from the outside. I would solicit your interest in the passage of this bill in the present session of Congress. I am the apiary inspector for the State Plant Board of Mississippi. The organization of Apiary Inspectors of America, which I am a member of, unanimously voted to support this legislation at our meeting last year. So did the American Beekeeping Federation. Appar-

ently, we all failed to make our wishes known to you people. Letters have recently gone out from our apiary inspectors' organization requesting our members to write our Congressmen.

The amendment is designed to prevent the importation of all honey bees of the genus *Apis*. At present the act prohibits the importation of only the common honey bee, *Apis mellifera*. It is now known that all honey bees may be the carriers of a mite, *Acarapis woodi*, which causes acarine disease of honey bees. This mite is not now known to exist in this country, but is prevalent in European countries.

Last summer I wrote you and asked that you support that part of the enabling act providing marketing orders for honey. The bills were H.R. 8680, H.R. 8684, and S. 2472. You wrote me that you supported the bill on my request but that there was so much division of opinion among beekeepers that it was struck out. I understand that there will be an effort to have the bill voted on in the present session. There is much controversy about it. We are being bombarded by propaganda from both sides. Many people dislike giving our Government more power to regulate and they undoubtedly have a point. Frankly, I am very much confused about it all. I feel that price support of honey has meant a great deal to our industry and would like to see it continued. I would like all the information I can get on this proposed legislation. I would like to obtain a copy of USDA pamphlet No. PA-479, "Self-Help Stabilization Programs With Use of Marketing Agreement Orders," November 1961. If you think I could get useful information from a copy of the bill, I would like to have that also. Any information you can give me will be appreciated. The proposition will be discussed and voted on at the American Beekeeping Federation in Biloxi, Miss., the week of January 22, 1962. After that I will want to advise you my attitude toward the situation.

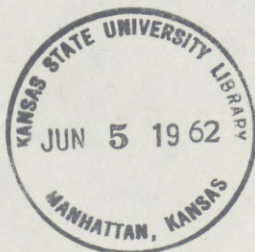
Thanking you for your kind consideration and trusting that you will have divine guidance in the tasks that lie before you, I am,

Yours very truly,

HOMER TATE, *Secretary*.

Mr. ABERNETHY. We will now go into executive session.

(Whereupon, at 10:45 a.m., the subcommittee proceeded into executive session.)





H.R. 890

TO ASSIST THE STATES TO PROVIDE ADDITIONAL
FACILITIES FOR RESEARCH AT THE STATE AGRI-
CULTURAL EXPERIMENT STATIONS

MARCH 5, 1962

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H.R. 890

TO ASSIST THE STATES TO PROVIDE ADDITIONAL
FACILITIES FOR RESEARCH AT THE STATE AGRICULTURAL
EXPERIMENT STATIONS

Alfred A. Jones

TO ASSIST STATE TO PROVIDE ADDITIONAL FACILITIES FOR RESEARCH AT STATE AGRICULTURAL EXPERIMENT STATIONS

MONDAY, MARCH 5, 1962

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RESEARCH AND EXTENSION,
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. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Jennings, Stubblefield, Hagan of Georgia, Purcell, Mrs. May, Harvey, and Reifel.

Also present: Christine S. Gallagher, clerk.

Mr. ABERNETHY. The subcommittee will come to order, please.

The Subcommittee on Research and Extension is convened this morning for the purpose of taking testimony on H.R. 890, which is to assist the States to provide additional facilities for research at the State agricultural experiment stations. In addition to that, we have similar bills, H.R. 7064 by our colleague, Mr. Reifel, and H.R. 7480, by our colleague, Mr. Harvey, and H.R. 6661, by Mr. Albert, and H.R. 7838 by Mr. Steed.

H.R. 890, together with the report from the Department, and a letter from the Bureau of the Budget will be made a part of the record at this point.

(The documents referred to are as follows:)

[H.R. 890, 87th Cong., 1st sess.]

A BILL To assist the States to provide additional facilities for research at the State agricultural experiment stations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress of the United States hereby makes the following declarations and findings concerning the efficient production, marketing and utilization of products of the farm and forest, effective and profitable management of farming as a business, and maintenance of a balanced and sound agricultural economy consistent with the total national economy:

(a) Efficient production and low unit cost to the grower are essential to meet the cost-price squeeze always faced by the farmer.

(b) Efficient production is necessary if adequate supplies of quality food and fiber are to continue to be available at reasonable prices to the food and textile industries, and if the end products thereof are to be available to consumers at reasonable prices.

(c) Marketing efficiencies at all points from the farm, ranch and forest to the ultimate consumer contribute to the economy and welfare of the grower, processor, handler and consumer of products of the farm and forest.

(d) New and improved uses of existing farm and forest products will become economically feasible only as the raw commodity is made available to the processor at a price that is competitive with alternative raw commodities.

(e) Further improvements in the management of farms and forests by operators thereof are essential if maximum efficiencies are to be realized in the use of physical, financial and human resources for greatest benefit to all concerned with food, fiber and forest products.

(f) Increased knowledge and better understanding of the factors relating to total supplies and effective market demand of products of the farm and forest, and of the place of agriculture and related commerce and industry in the total national economy are essential to a balanced and sound agricultural economy.

(g) Expanded research and development in the adaptation of existing knowledge to the production, marketing and utilization of products of the farm and forest are required to continue and improve upon the feeding, clothing, housing and otherwise attending the physical wants and needs of all of our people, and to allow reasonable profits to all segments of agriculture and related commerce and industry.

(h) An expanded program of basic research in the physical and biological sciences and economics related to agriculture is needed to open the way for important advances in the food and fiber industry of the United States.

(i) The Federal Government has supported agricultural research conducted by the United States Department of Agriculture for nearly one hundred years, and has made grant funds available to the State agricultural experiment stations for more than seventy years. A large portion of the total research effort of the Department of Agriculture and the State experiment stations is cooperative and combined effort on a joint research program.

(j) Whereas the States heretofore have financed the major physical facilities for agricultural research at the State experiment stations from non-Federal funds largely, they (the States) now are falling behind in meeting expanded needs for facilities for this research. The shortage of needed facilities is intensified by the expanded operating research program which is financed in part by the Federal-grant funds, and by the presence in the States of Department of Agriculture research personnel working on cooperative Federal-State programs.

It is further noted that lack of facilities has become a bottleneck to successful operation of an adequate research program.

(k) It is recognized that adequate facilities are required if the research noted in (g) and (h), above, is to be accomplished; and that such research is essential if the people of this Nation, present and future generations, are to realize the most from American agriculture as noted in (a), (b), (c), (d), (e), and (f), above.

It is hereby declared to be the policy of the Congress to further assist in the support of agricultural research at the State agricultural experiment stations through Federal-grant funds, on a matching basis, to help finance physical facilities as required for the effective conduct of an adequate research program.

SEC. 2. The purpose of this Act is to assist the State agricultural experiment stations in the acquisition of land and in the construction, acquisition, and remodeling of buildings, laboratories, and other capital facilities (including the acquisition of fixtures and equipment which are to become a part of such land or buildings) which are necessary to more effectively conduct research in agriculture and sciences related thereto through means of fund grants from the Federal Government.

SEC. 3. As used in sections 2 to 11, inclusive, of this Act—

(1) the term "State" shall include Puerto Rico, also;

(2) the term "State agricultural experiment station" means a department established under the direction of a college or university in any State in accordance with the Act entitled "An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and mechanic arts", approved July 2, 1862 (7 U.S.C. 301); or a department otherwise established pursuant to standards prescribed by the State the purpose of which is to conduct agricultural research; and

(3) the term "Secretary" shall mean the Secretary of Agriculture.

SEC. 4. (a) There are hereby authorized to be appropriated for allocation to the States for the purposes of section 2 such sums as the Congress deems advisable.

(b) (1) One-third of the funds appropriated pursuant to this section for any fiscal year shall be allotted equally among the States.

(2) Two-thirds of the funds appropriated pursuant to this section for any fiscal year shall be allocated among the States as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such sum is first appropriated. The provision of subsection (b) (2) hereof shall apply only to increases appropriated in a decennium over annual sums appropriated in the last preceding decennium; and the distribution when once established for specified appropriated annual sums shall continue unchanged thereafter as to those sums.

(c) It shall be the duty and responsibility of the Secretary of Agriculture to administer the provisions of section 4 of this Act under such rules and regulations as he may prescribe as necessary therefor.

SEC. 5. Any State in order to be eligible for payments from funds allocated pursuant to section 4 shall submit, in such form as the Secretary may require, specific proposals for acquisition or construction of physical facilities defined in section 2 of this Act. No State shall receive any payment for any such proposal unless such proposal is approved by the Secretary.

SEC. 6. (a) No payment shall be made to any State under the provisions of section 4 of this Act in any amount greater than the amount made available by such State from non-Federal funds for purposes for which payments are made under section 4 of this Act.

(b) Any unused portion of the allotment of any State for any fiscal year shall remain available, at the option of such State, for payment to such State for a period of not more than two fiscal years following the fiscal year in which such allotment is first made available. Any portion of a State's allotment refused by such State or unused by such State within the time period authorized by this subsection shall become part of a fund to be known as "pool funds".

(c) In order to be eligible for pool funds, a State—

(1) shall submit to the Secretary specific proposals for acquisition or construction of physical facilities, as defined in section 2 of this Act;

(2) shall have obligated all of its allocations under section 4 of this Act; and

(3) shall make available from non-Federal funds an amount equal to the sum approved for grant from such pool funds.

(d) No State shall be eligible in any fiscal year to receive from the pool funds an amount greater than 50 per centum of such funds or \$500,000, whichever amount is smaller. Any unallocated balance remaining in the pool funds at the close of any fiscal year shall be covered into the general fund of the Treasury. In the event there are insufficient pool funds to cover all the requests made therefor, such funds shall be allocated among the States making such requests in the same manner as provided in section 4(b) (1), (2).

SEC. 7. The Secretary shall not approve any proposal for the acquisition or construction of any physical facility the total cost of which is estimated to be less than \$20,000. With respect to multiple purpose physical facilities, the segment or portion thereof which is to be utilized for agricultural research shall be the basis for determination of fund support under this Act.

SEC. 8. For each fiscal year that funds are made available for allocation to States under the provisions of section 4 and section 6 of this Act, the Secretary shall ascertain, at the earliest practicable date during such year, the amount of the allocation to which each State is entitled, and shall notify each State in writing promptly thereafter as to the amount of such allocation.

SEC. 9. (a) Any State agricultural experiment station authorized to receive payments under the provisions of section 4 of this Act shall have a chief administrative officer, to be known as a director, and a treasurer or other officer appointed by the governing board of such station. Such treasurer or other officer shall receive and account for all funds paid to such station pursuant to the provisions of this Act, and shall submit a report, approved by the director of such station, to the Secretary on or before the first day of September of each year. Such report shall contain a detailed statement of the amount received under the provisions of this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

(b) If any portion of the allotted funds received by the authorized receiving officer of any State agriculture experiment station shall by any action or contingency be diminished, lost, or misapplied, it shall be repaid by the State concerned, and until repaid no subsequent appropriation shall be allocated or paid to such State.

SEC. 10. The Secretary shall make an annual report to the Congress during the first regular session of each year with respect to (1) the payments made under section 4 and section 6 of this Act, (2) the facilities, by States, for which such payments were made, and (3) whether any portion of the appropriation available for allotment to any State has been withheld and, if so, the reasons therefor.

SEC. 11. (a) Any agricultural experiment station established by State law and separate from any college or university shall be eligible for benefits under this Act in the same manner and to the same extent as such benefits are provided for State agricultural experiment stations.

(b) With respect to any State in which more than one agricultural experiment station has been established, any appropriations allocated for the use of such State pursuant to the provisions of this Act shall be divided between or among such institutions as the legislature of such State shall direct.

SEC. 12. There is hereby authorized to be appropriated such sums as may be necessary for proper administration of this Act.

SEC. 13. The authorities under this Act are in addition to and not in substitution for authorities otherwise available under existing law.

DEPARTMENT OF AGRICULTURE,
Washington D.C., March 5, 1962.

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

MY DEAR MR. CHAIRMAN: Thank you for your letter of May 1, 1961, giving us the opportunity to report on H.R. 890. The bill is entitled "To assist the States to provide additional facilities for research at the State agricultural experiment stations."

This bill would further support agricultural research at the State agricultural experiment stations through Federal-grant funds on a matching basis to help finance physical facilities needed for the conduct of an adequate research program. Sums appropriated for such purposes would be allocated (1) one-third equally to each State; (2) two-thirds on the basis of (a) one-half on ratio of rural population of a State to the total rural population of all States; and (b) one-half on ratio of farm population of a State to the total farm population of all States, with provisions for accumulating formula funds for up to 3 years. Funds under this formula which are not used by any State become available for use by other States on a matching basis with a \$500,000 maximum limitation to any State. Facilities must cost more than \$20,000 each. It provides authority to the Secretary of Agriculture for administration, including limitations, accountability, and reporting requirements to the Congress.

H.R. 890 would amend, clarify, and strengthen an authorization of long standing. A general authority for the construction of facilities for agricultural research at State agricultural experiment stations is provided under 7 U.S.C. 361d. However, sums appropriated for payments to State agricultural experiment stations have been used primarily by these stations for the conduct of research. The limited use of such grant funds for facilities has been due in part to the inability of the individual States to accumulate sufficient funds for major capital outlays even with matching State funds. This proposed bill would, therefore, provide a workable mechanism and an amplification of the existing authorization whereby funds appropriated through annual appropriations would enable the States to plan needed facilities in support of an agricultural research program. The bill also provides for a sound formula for the distribution of allotments to the various States for construction of such facilities. The States in turn would match Federal funds. There is no commitment on the part of the Federal Government or individual States for the appropriation of any definite amounts.

In recent years, the need for adequate physical facilities for the conduct of agricultural research has been recognized by both the States and the Federal Government. Many of the research programs of the State agricultural experiment stations and those of the Federal Government are a joint cooperative enter-

prise and there is a close working relationship. We cooperate formally on more than half of our research and informally on most of the rest. This Federal-State cooperative system is largely responsible for the outstanding progress that has been made in agricultural research during the past 75 years.

This Department favors the enactment of H.R. 890. This proposed legislation would provide an orderly procedure for the development and planning of long-range physical facilities needed in connection with the joint Federal-State agricultural research program. Funds to carry out the purposes of this bill would come within the annual budget process.

The Department independently and in cooperation with other agencies conducts basic research and the applied research involved in the solution of national and regional problems. The State stations also conduct basic research and applied research on problems of local and regional significance. These two programs are so interrelated that they could hardly be separated without serious damage to the whole program. Weakening of this interrelationship and the promotion of each program separately would create competition for scarce funds and personnel to the detriment of each program. Experience shows that the Federal Department of Agriculture and State experiment stations work most efficiently together. Accordingly, whatever further obligations may be placed on agricultural research are in large measure obligations upon the entire research structure, Federal and State. We recognize that the States have both immediate and future needs for research facilities. The Department of Agriculture has similar needs. We believe these needs should be met as rapidly as can be done.

We have about 2,300 Federal employees working on college campuses and State-owned field stations and spend approximately \$20 million at these locations. Pressure on available facilities is making it increasingly difficult to maintain the current program and places a severe limitation on orderly expansion and development.

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. Enclosed is a copy of the Bureau's letter on this matter.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 2, 1962.

Hon. ORVILLE L. FREEMAN,
Secretary of Agriculture,
Washington, D.C.

(Attention: Mr. Carl R. Sapp, 117-E Administration Building.)

DEAR MR. SECRETARY: This will acknowledge Mr. Grant's letter of January 2, 1962, requesting clearance of a report on H.R. 890, a bill to assist the States to provide additional facilities for research at the State agricultural experiment stations.

You are advised that while there is no objection to the submission of your report, the Bureau of the Budget believes that the Department should have greater freedom in determining the location of facilities than would be provided by this bill. In our judgment, it would be preferable to allow the exercise of scientific judgment in allocating available funds. This would enable these funds to be used for facilities which would contribute to research in disciplines or on problems which have the most urgent need and at institutions with appropriate research potential which now possess few such facilities. Such flexibility, in our opinion, would be preferable to the fixed-formula approach in the bill, because there is no evidence of a relationship between farm and rural populations and the desirability or necessity for construction of research facilities.

It is requested that a copy of this letter accompany your report to the committee.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

Mr. ABERNETHY. This piece of legislation has been pending quite some time. I, personally, feel that the hearing has been delayed for quite too long. I am going to assume the responsibility for that.

The delay has been unavoidable. I do not want the delay in any way to reflect on the merit of the legislation.

We have with us representatives from the department. We also have very distinguished representatives from the land-grant colleges, who will offer testimony. I might say that if there are others who wish to testify or file statements they will be permitted to do so.

The first witness will be Dr. H. C. Knoblauch, Acting Deputy Administrator of the Cooperative State Experiment Station Service, the Department of Agriculture.

STATEMENT OF H. C. KNOBLAUCH, ACTING DEPUTY ADMINISTRATOR, COOPERATIVE STATE EXPERIMENT STATION SERVICE, DEPARTMENT OF AGRICULTURE

Dr. KNOBLAUCH. Mr. Chairman and members of the committee, I am H. C. Knoblauch, Acting Deputy Administrator of the Cooperative State Experiment Station Service, Department of Agriculture, the Service that represents the Secretary of Agriculture in the administration of the Hatch Experiment Station Act.

I would like to present a brief statement of H.R. 890, a bill which would assist the States to provide additional facilities for research at the State agricultural experiment stations.

The Department of Agriculture favors the enactment of H.R. 890. This legislation would provide an orderly procedure for the development and planning of long-range physical facilities needed in connection with the joint Federal-State agricultural research program.

This bill would further support agricultural research at the State agricultural experiment stations through Federal-grant funds on a matching basis to help finance physical facilities needed for the conduct of an adequate research program. Sums appropriated for such purposes would be distributed (1) one-third equally to each State; (2) two-thirds on the basis of (a) one-half on ratio of rural population of a State to the total rural population of all States; and (b) one-half on ratio of farm population of a State to the total farm population of all States, with provisions for accumulating formula funds for up to 3 years.

Funds under this formula which are not used by any State would become available for use by other States on a matching basis with a \$500,000 maximum limitation to any State.

Mr. ABERNETHY. Does that mean \$500,000 annually?

Dr. KNOBLAUCH. That is the amount in any fiscal year; yes.

Facilities must cost more than \$20,000 each. The bill provides authority to the Secretary of Agriculture for administration, including limitations, accountability, and reporting requirements to the Congress.

A general authority for the construction of facilities for agricultural research at State agricultural experiment stations is provided under 7 U.S.C. 361d—the Hatch Act. However, sums appropriated for payments to State agricultural experiment stations have been used almost exclusively by stations for the conduct of research.

Mr. ABERNETHY. There is a question that I would like to ask right there. I hesitate to interrupt, but I think it would be appropriate.

I was aware of the authority which you have cited in 7 U.S.C. 361d. Is it the interpretation of the Department of Agriculture that the authorization contained in 7 U.S.C. is limited to actual research and cannot be used for construction?

Dr. KNOBLAUCH. It is not. We abide by the provisions of the law. I would point out, Mr. Chairman, that this money is committed to active research programs; and, therefore, the problem of accumulating a sufficient amount to construct facilities would be very difficult.

The limited use of such grant funds for facilities has been due in part to the inability of the individual States to accumulate sufficient funds for major capital outlays even with matching State funds. This bill would, therefore, provide a workable mechanism and an amplification of the existing authorization whereby funds appropriated through annual appropriations would enable the States to plan needed facilities in support of an agricultural research program.

The bill also provides a sound formula for the distribution of allotments to the various States for construction of such facilities. The States in turn would match Federal funds.

Mr. ABERNETHY. Is that dollar for dollar?

Dr. KNOBLAUCH. That is dollar for dollar; yes.

There is no commitment on the part of the Federal Government or individual States for the appropriation of any definite amounts.

The establishment of the State agricultural experiment stations was provided by the original Hatch Act of 1887. The act authorized payment of Federal-grant funds to each State that established an agricultural experiment station, in connection with the land-grant college system established under the provisions of the Morrill Act of 1862, for the purpose of engaging in systematic scientific study of problems relating to the agriculture of the State. From this beginning, a research program has developed that consists of a dispersed system of independent State agricultural experiment stations strongly and respectively supported by the 50 States and Puerto Rico and by Federal grants.

The State station system provides an effective system of cooperative and coordinated action.

A distinct feature of the Federal-grant program is the high degree of initiative the States have in determining the nature and extent of the research. The Department's role in administering the Federal-grant funds is one of assistance. This includes approval of programs and projects under the Hatch Act, reviews of research, participation in the planning of regional research, and coordination of research effort among the States, as well as between the States and the Department.

The Department also supports research at the State agricultural experiment stations and coordinates its research programs with that of the State stations. The Department has 2,300 Federal employees on agricultural college campuses and spends approximately \$20 million annually at these locations. Department scientists work side by side with station staff in station laboratories and offices. This desirable co-operation, in turn, places a heavy burden on the States to provide the needed facilities.

Cooperative agreements provide for joint employment of some scientists and for a team effort by Department and State station employees. The State station often provides the most desirable location

for cooperative work involving not only Department support, but also support from industry, private organizations, and other Federal agencies.

The current research program of the State agricultural experiment stations consists of 13,000 research projects of which 6,000 are Federal grant. Nationwide, a full-time equivalent of 5,200 scientists are engaged in the State stations program. The State stations have 9,600 workers engaged full- or part-time in research. Many of these devote part of their time to college teaching or extension work. In addition, more than 5,000 graduate students participate in the research program as research assistants as part of their training for careers in agriculture and related fields.

It has long been shown that by providing top-level graduate student assistance to a research scientist, his usefulness through greater opportunity for careful planning and interpretation of results is multiplied. This procedure is productive in the training of future scientists. Thus, graduate students become an essential part of the research team.

In fiscal year 1961, the States spent \$36.7 million in capital outlay for facilities for research. In fiscal 1960, this expenditure was \$22.2 million. With the applications of science to agricultural problems, there exists an increasing need for more advanced types of equipment, such as highly expensive electronic and optical instruments, with a resultant more costly type of installation and housing.

In the setting of the land-grant college, many scientific disciplines can be brought to bear upon the problems of agriculture. Also, the search for new knowledge and the training of future scientists proceed together. The State station has become a focal point within each State for basic research, as well as applied research. Basic research is the source of new knowledge which will aid in solving some of the problems of agriculture. Agricultural technology depends upon the continued advancement of such scientific knowledge. Basic research in the life sciences is essential before practical answers to the problems confronting agriculture can be found.

The National Science Foundation has reported that the State stations increased expenditures for basic research from 24 to 35 percent from 1954 to 1958. Increasing emphasis on basic research each year has raised this percentage above 50 percent at some stations. In expanding basic research and graduate-student programs, State station scientists will strengthen their relationship with scientists of other departments in the land-grant colleges. The cross-fertilization of ideas with nonagricultural associates will further strengthen the research capabilities of the State stations.

Competition for building funds in the States has become acute. Lack of new facilities and need for renovating existing structures to accommodate the new and more complex equipment of modern research are limiting efficient operation of current programs and expansion into additional critical areas of research. The shortage of needed facilities is intensified by the expanding research program, by limited States funds, and by Department research personnel working at the station on cooperative Federal-State programs.

The Department favors the enactment of legislation of Federal grants for facilities at the State agricultural experiment stations as a means of strengthening the agricultural research program of the Nation.

The proposed legislation will assist the States in providing the facilities necessary for conducting research on the many problems facing agriculture and will strengthen the Department's cooperative research program with the State stations.

Mr. ABERNETHY. As I understand, the Department wholeheartedly supports this legislation.

Dr. KNOBLAUCH. From the traditional period of longtime cooperation, from 1887 to the present time, the close association between the Department and the State stations makes it highly desirable and necessary that the Department go on record as supporting this legislation.

Mr. ABERNETHY. Let me see if I understand the situation. The research program is a joint effort carried on by the Federal Government and the States with each putting money into research activity. The Federal money has been more or less earmarked for the activity itself, and none of it, of any consequence, for facilities and equipment; is that right?

Dr. KNOBLAUCH. Mr. Chairman, I represent the Cooperative State Experiment Station Service, and our function relates to the administration of the Hatch Act, which provides funds to the States on a formula basis, and section 204(b) of the Research and Marketing Act which provides funds to the States under a cooperative agreement arrangement.

Mr. ABERNETHY. I understand that. To get back to my question, as I understand, the money which goes to the Agricultural Experiment Station from the Federal level has in almost all instances been earmarked for activity, and none of it for equipment and facilities; is that right?

Dr. KNOBLAUCH. There is no earmarking but actually a very small percentage is used for facilities.

Mr. ABERNETHY. Then this bill will correct that situation?

Dr. KNOBLAUCH. That is correct.

Mr. ABERNETHY. I will go back to the first paragraph of your statement on page 2, where you point out that there now is authority in 7 U.S.C. 361(d) for the construction of facilities. Do you regard this as a duplication of legislation?

Dr. KNOBLAUCH. We do not, because of the very vital program that is carried on under the Hatch Act and the necessity for its continuation.

Mr. ABERNETHY. Can you enumerate for us what particular type of facility you have in mind, or would you like to leave that to Dr. Hawkins and his colleagues?

Dr. KNOBLAUCH. I indicated in my testimony that it might involve the type of facilities needed to carry on modern-day research. I could elaborate but I think it would be more appropriate to have the State Experiment Station representatives present this need to you.

Mr. ABERNETHY. All right. Here is another question that we are going to be confronted with. This is a day of surpluses, and there is a lot of screaming and carrying on about it. You are familiar with that, of course.

Is it contemplated that this research would further add to the surpluses, or is it contemplated that it would result in the production of agricultural commodities in a more efficient manner and thereby put them on the market at a cheaper price?

Dr. KNOBLAUCH. The continuing objective of research must be to produce more effectively and efficiently. I do not envision that we are outlining to you a program that will create greater surpluses. We are outlining to you a program that would provide greater income for the farmer and for the producer.

Mr. ABERNETHY. What is the public's stake in this legislation? What, in your judgment, would result to the benefit of the general public?

Dr. KNOBLAUCH. There is a tremendous general benefit to the consumer in all agricultural research. Agricultural research in the field of biology has produced many important findings that have been of significant value in human health and to the consumer in general.

For example, perhaps you have had an opportunity to read the publication from the New York Agricultural Experiment Station, published in November or December of last year, which outlines specifically the benefits of agricultural research to the consumer. This is a very revealing document, Mr. Chairman. The publication points out that consumers are the principal recipients of the benefits from agricultural research.

Mr. ABERNETHY. Thank you. Mrs. May.

Mrs. MAY. I would like to say that I agree with the chairman that it is very important that the record contain certain information. In proceeding with this bill we are apt to hear the argument that this will create more surpluses. Therefore, would you spell out specifically for the committee a few of the research programs, or projects, in which our State Experiment Stations are engaged?

Dr. KNOBLAUCH. I would like to point out that the program of research at the State Agricultural Experiment Stations is a very comprehensive program. As I indicated to you it encompasses some 13,000 research projects, and covers the entire field of agriculture.

Before I conclude I would like to ask the State station representatives to answer your specific question, but I do want to make one statement for the record. Let me make this as emphatically as I possibly can. There is no surplus in knowledge, and we are seeking knowledge. We are seeking ways of doing things better, more effectively and efficiently. I think this is the sum and substance of our research.

Mrs. MAY. Following the Chairman's suggestion, perhaps you could list some of these in more detail, actual research projects.

Dr. KNOBLAUCH. May I inquire whether you would wish to have this indicated by broad fields of activity?

Mrs. MAY. Yes, just so that we have specific testimony on them for the record.

Dr. KNOBLAUCH. We will be happy to do this.

Mrs. MAY. I can think of about two or three projects right within my own State of Washington which are important, but have nothing to do with increasing the surplus problem. On the contrary the research will save money for the farmers, in many instances it will keep them from being wiped out through disease.

Dr. KNOBLAUCH. I would like to point out, as you are aware, that the State Experiment Stations are constantly reviewing their programs. They are reviewing their resources, analyzing the problems of the State, and devising the best possible way to use advantageously the limited resources they have to meet the many problems that face them.

(The information referred to follows:)

Information on the research program at the State agricultural experiment stations in broad fields of activity

	Percent of program	
	Total station	Federal grant
	<i>Percent</i>	<i>Percent</i>
1. Agricultural economics, marketing, and rural life studies..... Farm economics research is concerned with organization and management of farms, extent and utilization of land and water resources, capital and labor, efficiency in production, resource use and conservation practices, farm finance, agricultural adjustment and rural area development. Marketing includes analyses of farmers' bargaining power, product quality and grade, market potentials, market structure and practices, marketing costs and margins, merchandising and promotion of farm products, and special programs. Rural life studies include analyses relating to population changes, levels and standards of living, communication, community and human resource development, goals, values, and decision making.	10	23
2. Agricultural engineering..... Includes engineering studies for the development of better farm buildings and materials, farm machinery and equipment, electrification, and land development.	4	5
3. Botany and plant pathology..... Research on biology and control of diseases of field crops, horticultural crops, and forest trees. Studies in microbiology and the development and use of antibiotics.	6	6
4. Entomology and zoology..... Studies on the biology, physiology, and control of crop and animal insect pests, pesticide residues, bee culture, and management practices in fish and wild game and fur animal production.	6	6
5. Farm forestry..... Research on the management of farm woodlots, development of improved varieties of timber, forest products, and utilization of farm forests for recreational purposes.	1	1
6. Field crops..... Development of improved varieties of forage and grass crops, cereal crops, fiber and oil crops, potatoes, tobacco, sugar, and efficient management of these crops.	12	11
7. Genetics..... Basic studies in plant and animal genetics.	1	1
8. Home economics and human nutrition..... Current research includes studies in foods and nutrition, textiles and clothing, housing, household equipment, home management, family economics, and family life.	2	4
9. Horticultural crops..... Development of improved varieties of deciduous fruits and nuts, citrus and subtropical fruits, small fruits, vegetables, ornamental and nursery crops, drug plants, and culture and efficient management practices.	9	4
10. Livestock and poultry..... Research in animal science seeks to determine biological principles of nutrition, genetics and breeding, physiology of reproduction and of growth, and livestock health in the several animal species and apply them to the solution of farm and ranch production problems. Receiving greatest attention are beef and dairy cattle, swine, sheep, chickens, and turkeys.	23	22
11. Soils and plant nutrition..... Studies on the genesis, morphology, management and preservation of soils, the use of fertilizers, soil moisture relationships, and the conservation and effective use of water in farming operations, nutritional requirements and efficient management of farm crops, and the chemistry and physiology of plant growth.	8	9
12. Utilization..... Research to improve and find new uses for crop, animal and forest products.	4	3
13. Station administrative costs, land and structures and other research not classified above.....	14	2
14. Federal administration of Hatch program.....		3

Mrs. MAY. Thank you.

Mr. Chairman, could I direct one more question to the witness?

Mr. ABERNETHY. Yes.

Mrs. MAY. On page 2 of your statement you said that the bill would—

therefore, provide a workable mechanism and an amplification of the existing authorization whereby funds appropriated through annual appropriations would enable the States to plan needed facilities in support of an agricultural research program.

And you mention in the next paragraph that it provides for a sound formula for the distribution of allotments to the various States for construction of such facilities. And, that there is no commitment on the part of the Federal Government or individual States for the appropriation of any definite amounts.

Is there any limitation?

Dr. KNOBLAUCH. What we are concerned with here is legal authorization; the amounts would come later.

Mrs. MAY. Therefore, you have already testified that the formula itself would be dollar for dollar.

Dr. KNOBLAUCH. That is correct.

Mrs. MAY. And the overall appropriations under this bill, would it be fair to say, are tied to what the State itself can raise to put into the formula?

Dr. KNOBLAUCH. They would receive the same consideration and go through the regular process that all requests for money go through, the congressional committees, the Budget Bureau, and so forth.

Mrs. MAY. In this case, the State would initiate it. This would be the determination?

Dr. KNOBLAUCH. I beg your pardon, I misunderstood part of the question. The State, in order to be in a position to receive these funds would, in turn, have to obtain State appropriations for the matching requirement; that is correct.

Mrs. MAY. That is all, thank you.

Mr. ABERNETHY. Mr. Jennings.

Mr. JENNINGS. Do you anticipate any duplication in these efforts? Suppose all 50 of the States want to build the same type of research center—what control do you have to prevent that?

Dr. KNOBLAUCH. Mr. Chairman and Mr. Jennings, the problem of duplication has received very careful and serious consideration on the part of the experiment stations and the Department for the past several years. There are procedures built in the system whereby the possibilities of undesirable duplication are very limited.

If the answer has not been obtained, and two or three States are searching for the answer, and have a similar type of facility, this is not duplication.

Mr. ABERNETHY. It is similar to cancer research that is going on in more than one institution.

Dr. KNOBLAUCH. You are correct.

Mr. JENNINGS. Do you know of any particular research that has been hampered because of the lack of facilities?

Dr. KNOBLAUCH. The situation is very critical in many States. Both laboratory and office space is needed.

Mr. JENNINGS. In what particular field?

Dr. KNOBLAUCH. This would be in almost all fields of agricultural research.

Mr. JENNINGS. Have the States indicated a willingness to cooperate with this provision of the bill if appropriations are authorized?

Dr. KNOBLAUCH. Yes, sir. You have representatives from the State stations who will testify later.

Mr. ABERNETHY. If Mr. Jennings will pardon me, I think that the inspiration for this came from them.

Dr. KNOBLAUCH. That is correct. The inspiration from the States sometimes is stronger than appears. For example, there is a very interesting history, Mr. Chairman. The inspiration for the Hatch Act, the Adams Act, the Morrill Act and the Bankhead-Jones Act developed in the States. In soliciting the cooperation of the Congress and the Department of Agriculture, they developed a cooperative effort that through the years has resulted in the cooperative and coordinated type of agricultural research program that we have.

Mr. JENNINGS. In that connection you see no invasion of State's rights in this legislation?

Dr. KNOBLAUCH. No, sir. I see a counterpoint, a strong desire on the part of the States to have the support.

Mr. JENNINGS. Thank you. That is all.

Mr. ABERNETHY. Mr. Harvey.

Mr. HARVEY. Actually, is it not a matter of fact a historic pattern that the Department of Agriculture has acted as the coordinator to assist the States in better adjusting their efforts to various research needs?

Dr. KNOBLAUCH. That is correct, Mr. Harvey. We feel that one of the primary responsibilities of our office, so far as the State experiment stations are concerned, is responsible for the coordination of the program under the Hatch Act; and, also, the coordination of that program with the activities of the Department of Agriculture.

Mr. HARVEY. I notice that you have on the campus, in the various experiment stations, approximately one man for every four men that the States have by way of personnel. Is there any pattern in this proportion—is there any policy pattern in this proportion?

Dr. KNOBLAUCH. I do not believe that there is a policy regarding the number of positions at any location. It depends upon the type of work or the Department's desire to concentrate on a particular problem at a particular location.

Mr. HARVEY. We have these four regional laboratories. This is a question I have wondered about. I do not know that I have ever had an opportunity to ask about it.

What is the relationship and the coordination between the various experiment stations of the land-grant colleges and the four regional laboratories?

Dr. KNOBLAUCH. This takes different forms. In some of the regions, the experiment station directors will meet at the regional laboratories annually or once every 2 years. Also, every project that is underway at the regional laboratory is reviewed by our staff prior to its initiation. The procedure is similar to that followed under the Federal grant program. Each Federal grant project is reviewed and requires our approval prior to its initiation at the State experiment station and therefore provides the opportunity for coordination between the State and Federal program.

Mr. HARVEY. There is not in a real sense, then, a duplication of effort between our regional laboratories and the State experiment stations?

Dr. KNOBLAUCH. No. I would assure you, Mr. Chairman, that they each have specific functions. As you know, the laboratory in your region, at Peoria, devotes attention to research that is more specialized on a particular crop or process than that generally carried on in the State experiment stations.

It is true there may be segments of closely related problems carried on in Indiana and Illinois. They would be coordinated with the work at the laboratory in Peoria.

Mr. HARVEY. I think it is very important that there be coordination of effort and, also, I feel that it is possible and proper that there be the proper coordination. And even in some instances what might certainly be a duplication in a given field that is important, that further searching for the answer to a particular question that it might be better to have two or three teams working on it if it is really important than just one team.

Dr. KNOBLAUCH. You are right. This is the point that the chairman made a moment ago in speaking of cancer research. Until we find the answer or the combination of factors that contribute to the answer, we have several individuals or several teams of scientists searching for the answer. We do not have duplication.

Mr. HARVEY. That is all. Thank you.

Mr. ABERNETHY. Mr. Stubblefield.

Mr. STUBBLEFIELD. I might just say that my State of Kentucky is very much interested in this. A lot of the generation for this, as the chairman stated, came from the university. Money has been appropriated by the State legislature. We are ready and waiting for this bill to pass to establish a research laboratory for animal diseases. We are very much for the program. Of course, we hope that we will be able to locate it down in the First District of Kentucky which has a very fine State school with a very fine agricultural school that would be an adjunct to this.

Mr. ABERNETHY. And a great Congressman.

Mr. STUBBLEFIELD. Thank you.

Mr. ABERNETHY. Mr. Hagan.

Mr. HAGAN. I have no questions at this time.

Mr. ABERNETHY. Mr. Reifel.

Mr. REIFEL. In the statement you are preparing for the chairman and Mrs. May at their request, regarding that this need not add to the surpluses, would you include in it something as to the effort of the experiment stations to find new industrial uses for raw agricultural products?

I notice in the Wall Street Journal of the 28th of February mention made of adding grain pulp to wood pulp and obtaining paper of an improved quality. This cereal pulp could be used in newspaper print, wrapping paper, in boxes, and many other things. Is this something that is being developed in one of the regional laboratories in cooperation with some of the State experiment stations?

Dr. KNOBLAUCH. I am not familiar with the particular item to which you refer. For the record I wish to say that the State experiment stations are spending over \$6 million in the area of utilization which involves quality improvement and the development of new uses.

We will provide a statement for the record giving in greater detail the scope of this program.

(The information referred to follows:)

STATEMENT CONCERNING UTILIZATION RESEARCH ACTIVITY AT THE STATE
AGRICULTURAL EXPERIMENT STATIONS

Utilization research is concerned with the development of new and improved products and processing technology, including design of plant machinery and unit operations, and with basic research on the chemical composition and physical properties of farm products. Food science and technology is one aspect related to quality maintenance and to development and improvement of food products. Another phase is concerned with industrial utilization of agricultural products.

The following are typical examples of utilization research at the State experiment stations to improve and develop new food products:

ANIMAL PRODUCTS

Studies are being made on the freezing properties of beef and veal as frozen food products for commercial and home use. Amino acids, carbohydrates, fats, and nonprotein nitrogenous constituents and polyphenolic compounds are being studied to determine their influence on flavors of beef. Determinations are being made of factors influencing the tenderness in beef, as well as the utilization of biochemicals to improve tenderness.

Research is underway to develop more useful dried powdered milk products. Flavors of milk are being isolated and identified and related to the use of milk. Studies are underway to determine relationships of temperature on bacterial growth in milk. Studies are being made to improve the manufacture and use of mold ripened cheese.

Influence of diet on swine carcass is being studied. Studies are underway to determine factors influencing pork quality.

Feathering and overflow of fat of lamb are being studied to determine their relation to grade. The components of flavor of fresh and cooked lamb and mutton are being identified, and the information applied toward increased use of these meats.

Studies are underway to determine the value of protein in different cuts of chicken for human diets. Attempts are being made to improve curing and smoking of pork and turkeys. Studies are underway to develop new poultry and egg products. Physical and chemical properties of albumen and yolks in shelled eggs are being studied to learn more of their composition for expanded use.

Fish as a source of protein is being investigated to promote its use in areas where this food component is low in human diets.

PLANT PRODUCTS

Determinations are being made of physical and chemical changes that occur in the freezing preservation of vegetables. The adaptability of fruits and vegetables to freezing is being studied for expanded and new products development. Improvements are being made on apple fruit juice blends to increase utilization of apples. Dehydration of acerola juice is under study for use in fortifying fruit juice and nectars with vitamin C. Effects of thermal processing on chemical composition of plant products are being studied.

Biochemical and physiological changes in harvested crops are studied to determine their effect on food quality. Enzyme systems are studied to determine their effect on postharvest breakdown of vegetable crops. Evaluations are being made to determine the malting qualities of various barleys. Effect of freezer storage is being studied to determine its influence on ready-to-bake and baked products shortened with vegetable oils. Studies are being made on the utilization of fermented grain products.

Substances responsible for the aroma and the flavor of roasted peanuts are being characterized. The food value of sesame meal is being investigated. Chemical studies are underway to determine the quality of sorgo juice for use as syrup and sugar products.

New products are being developed for expanded use of such crops as watermelon, grapes, and peaches.

Examples of studies on the utilization of animal and plant products for farm and industrial use include the following:

ANIMAL PRODUCTS

Physical characteristics, such as fineness, length, and performance, are being correlated with marketing value for expanded markets of wool.

Attempts are being made to develop poultry byproducts (poultry manure and litter). Hydrolyzed poultry feathers are being studied for use in poultry feed.

PLANT PRODUCTS

Studies are being made on the production of *D*-fructose from tubers of artichoke.

Feasibility of feeding fermented grains to cattle and livestock is being explored. Studies are being made on the utilization of fiber and fiber seeds in the nutrition of livestock. Research is underway on new strains of microorganisms that better satisfy the needs of alcoholic, lactic, citric, and acetic fermentations.

Isolation of starches from different crops is being made and their chemical and physical properties investigated for possible industrial use.

The various cotton fiber properties are under study to determine their relative usefulness in upgrading cotton fabrics.

FOREST PRODUCTS

Tropical plants are being assayed for products of economic value. Attempts are being made to develop new products from low grade timber and timber residues.

NEW CROPS

Many new plants from foreign sources are being screened and introduced. Both agronomic characteristics and utilization potential are evaluated. Crops which show promise are subjected to further testing and evaluation. For example, *Crambe abyssinica*, an oilseed crop, shows considerable promise since the oil from the seed of this plant should find uses in protective coatings, plastics, and industrial chemicals.

Mr. REIFEL. If this bill becomes law, would this have any effect of stepping up the research in the direction of new uses, that is, industrial uses for agricultural products?

Dr. KNOBLAUCH. The objective here would be to sanction the research effort on all fronts, Mr. Reifel. We are rapidly slipping behind in agricultural research if one wishes to use that characteristic expression.

Mr. REIFEL. We in South Dakota have a great interest in development of crops and crop uses that will stabilize our agriculture. We are facing the possibility of increasing cutback in acreages. This would come mainly in wheat and feed grain acres. Some of these cutbacks in acreages could hit our area pretty hard. Therefore, we need increased research in our experiment stations to develop new crops and new uses that would keep maximum acreages in production without adding to our growing surpluses, in order to keep our population and to keep our agricultural industry going.

Therefore, we are extremely anxious that some such bill as this, as the chairman has introduced, will get favorable consideration and strengthen our experiment station activities.

Dr. KNOBLAUCH. The experiment station program is a dynamic program. It needs move to meet the needs of which you are speaking. Approximately 20 percent of the Federal grant program is completed each year. This represents an adjustment to meet new needs.

Mr. REIFEL. I was particularly impressed with the report of the Department on the bill with the point that the stations at the land-grant colleges do have the opportunity to attract capable students, and to interest them in research. This is an excellent reservoir for the development of much needed scientists. I have had some personal experience in this. I worked in an experiment station laboratory to pay part of my way through school. I can recall now half a dozen outstanding scientists in this country in the field of cancer and in other fields who got their start in the experiment station at the college.

With this variety of opportunities over the entire United States it seems to me that we have an excellent chance to draw from the supply of students in these institutions—probably a better way of getting at this resource than in the regional laboratories. We need the latter. This would complement them.

Dr. KNOBLAUCH. You make a very important point there, Mr. Reifel. It should be borne in mind that the contribution of the State scientists to the training of future scientists is a most important one. The statistics show that the land-grant colleges and universities confer approximately one-half of the doctoral degrees in science, engineering, and health professions. Many of these degrees are awarded to candidates who have received their training under the leadership of top experiment station scientists. If we are to continue to make progress and meet the problems of the future in agriculture we must continue to train graduate students to supply the demand for top quality scientists.

Mr. REIFEL. I heartily agree with you. Thank you.

Mr. ABERNETHY. Thank you, Mr. Reifel.

Mr. Purcell?

Mr. PURCELL. In the information that you are to furnish the committee in regard to the breakdown of the projects can you let us have a comprehensive set of figures on what the ratio is of the type of projects that have been spoken of for the uses of agricultural products, mentioned by Mr. Reifel, as compared with the better products themselves?

Dr. KNOBLAUCH. If you wish we could give greater detail in this area. The comments I made initially are that there are over 6,000 individual Federal-grant projects. To give you a list of these projects might not be very meaningful. We would prefer to group them in larger areas, but we will give you greater detail on the utilization of new products and quality research.

Mr. PURCELL. Thank you. I think that those of us who come from areas that produce the type of things that are in surplus are very much interested in finding more uses for them. I do not know that my request is really in line with what would be proper for this subcommittee to take up. If it is not, I would appreciate being so informed. That is all, thank you.

Mr. ABERNETHY. Let us talk off the record here a minue.
(Discussion off the record.)

Mr. ABERNETHY. We thank you very much, Dr. Knoblauch.

Dr. KNOBLAUCH. Thank you.

Mr. ABERNETHY. Our next witness is Dr. Louis E. Hawkins, director of the Oklahoma Agriculture Experiment Station.

We shall be glad to hear from you. I presume that you should like to present the gentlemen with you.

STATEMENT OF DR. LOUIS E. HAWKINS, DIRECTOR, OKLAHOMA AGRICULTURAL EXPERIMENT STATION; ACCOMPANIED BY W. L. GILES, VICE PRESIDENT FOR AGRICULTURE, MISSISSIPPI STATE UNIVERSITY; H. J. SLOAN, DIRECTOR OF THE MINNESOTA AGRICULTURAL EXPERIMENT STATION; M. A. FARRELL, DIRECTOR OF THE PENNSYLVANIA AGRICULTURAL EXPERIMENT STATION; AND R. L. LOVVORN, DIRECTOR OF THE NORTH CAROLINA AGRICULTURAL EXPERIMENT STATION

Dr. HAWKINS. Thank you, Mr. Chairman, and members of the subcommittee. First, let me present those with me.

Mr. ABERNETHY. If I may interrupt, you have waited a long time for this day, and I want to express to you my appreciation for your patience. You are a very patient man.

Dr. HAWKINS. Thank you, Mr. Chairman. You have been most helpful and encouraging to us in your guidance as to how to proceed in this matter.

Permit me first, if I may, to introduce my associates. Immediately on my right is Director M. A. Farrell of the Pennsylvania Agricultural Experiment Station. On my left is Director H. J. Sloan, of the Minnesota Agricultural Experiment Station. To his left is Dr. W. L. Giles, who is vice president for agricultural sciences of Mississippi State University. And in the audience is Director Roy L. Lovvorn, of the North Carolina Agricultural Experiment Station. I believe that he had to leave, but there was present earlier Mr. Russell I. Thackrey, executive secretary of the American Association of Land-Grant Colleges and State Universities of Washington, D.C.

We also are grateful for the presence of the representatives of the offices of Congressmen Steed and Albert, Mr. Richardson and Mr. Ward. They are not here as witnesses, but as observers and are interested because their respective Congressmen have introduced similar legislation.

First off, permit me to express my appreciation to this subcommittee, to those members of this subcommittee who have introduced similar bills, such as H.R. 890; Congressman Reifel, H.R. 7064; Congressman Harvey, H.R. 7480; Congressman Albert, H.R. 6661; and Congressman Steed, H.R. 7838; all identical in wording. So when we refer to H.R. 890 today, obviously we are referring thereby to these other four identical bills as well.

If there are additional bills like this I am not advised of them to date. And, likewise, if there are, certainly, we are similarly grateful for them.

May we be permitted, Mr. Chairman, to make a very brief extemporaneous statement? Two of my associates here in introducing our testimony, wish to present statements on the real importance of more, not less, research in agriculture, and in recognition of the fact that the health of agriculture in America while good is not perfect, that research has not caused surpluses, and that inadequacy of research in certain aspects of agriculture may be held accountable for the present shortcomings of agriculture. I am referring particularly to maladjustment, to some of the things that were embodied in questions that your committee very appropriately already has raised to the

previous witness. We need more knowledge for utilization of commodities grown on the farm and in the forests, more adequate facilities to conduct research, and more adequately educated scientists to envision and do the job of research.

First, may I be permitted to call upon Director Sloan? He will elaborate a little on the critical need for more research, for more adequately educated scientists, and if you please, the emphasis on the need for facilities to do this job.

Mr. ABERNETHY. We shall be pleased to hear you, Dr. Sloan.

Dr. SLOAN. Mr. Chairman and members of the committee, one of the things that frequently is not mentioned in discussing the needs of agricultural research is the changing nature of the agricultural situation, the changing types of production, and the shifts in production. With these arise new problems. May I just give you an example or two.

Not so long ago, we did not have bulk tanks on the farm for handling milk. The introduction of bulk tanks presented the problem of transporting the milk to the tanks. Immediately, in some cases, there was the problem of off-flavored milk. This was a problem we did not have before. Metal linings were not used in transporting milk. This created an entirely new problem as far as the dairy industry was concerned and was one that no one was working on. It required a different approach and a new type of talent in the dairy department for solutions. As a consequence, this is something that needs to be added onto our present research program. This is just one example.

As we change our operation in agriculture, everyone understands that there is a concentration in production in the various aspects of agriculture. Poultry happens to be my field, therefore I am more familiar with it than with some of the other fields. This is true in some other areas of agriculture. We do not raise a few chickens on many farms any more. We raise a lot of chickens on a few farms. This creates problems of disease that we never faced before from the standpoint of respiratory, and internal diseases of various types. It means that we need to initiate new programs for study of new diseases that were not problems in the past.

It will not be necessary to cover the entire field of agriculture to provide further illustrations. I believe these that I have presented are adequate.

In the process of solving these problems we do need new approaches and new scientists. We need more money to initiate new research projects as these new diseases appear and to solve the new problems that are encountered. We do not automatically lose the problems we already have. This means a growing program rather than one of substitution of one kind of work for another.

As indicated, we do make some adjustments from year to year, as new problems arise but it is sometimes difficult to adjust to them. This is particularly true in regard to facilities. One of the great needs of our own station at the moment is related to the field of biochemistry. For example, one of our problems is in analyzing agricultural products to find new uses for them. New problems arise in the area of nutrition and diet, both human and animal, and there is a very serious need for the training of this type of scientist at our own station. I suspect it is true at other stations. Who can provide the

talents and the inquisitiveness that we need in our modern day agriculture science?

Mr. ABERNETHY. There is nothing in this bill that would make funds available for the training of scientists. I understood that it makes money available for the erection of facilities.

Dr. SLOAN. This is correct, but as we get the facilities space is provided to house more students. We are limited in graduate students in two or three of our major areas of research at the moment because there are no facilities in which students may be placed to assist the research scientists that we would need to carry out this program. This is the point. I may add that this is not a graduate training program but a research program. We simply hire the graduate students to assist the research scientist with the research program, as Dr. Knoblauch mentioned.

That completes my statement, unless you have some questions.

Mr. ABERNETHY. Thank you very much.

Dr. HAWKINS. May I turn now, if it please the committee, to Director Farrell of the Pennsylvania Experiment Station to elaborate a little on the critical need for expanding basic research in the sciences related to agriculture, if we are to move forward toward more effective applied research in the solution of farm problems, and the relationship to the need for facilities to expand basic research in the States?

Mr. ABERNETHY. We shall be pleased to hear you.

Dr. FARRELL. Mr. Chairman and members of the committee; I am sure it is not news to the committee that one of the primary aims of agricultural research is to add to the storehouse of our knowledge, the total sum of human knowledge.

Dr. Knoblauch's statement indicated, I think, the need to be emphasized, that the percentage of funds used to conduct basic research at the agriculture experiment stations is continuously increasing. As published by the National Science Foundation, in 1961, the experiment stations were currently spending 30 percent of their funds for basic research. This is an average. It means that, of course, some departments, particularly in the biological science areas, may be spending as high as 75 percent of their total funds for basic research.

We must remember that in our experiment stations, and our colleges of agriculture, we frequently have the life science administered almost entirely within the framework of our colleges of agriculture. This includes microbiology, virology, physiology, genetics, plant and animal breeding, and animal and human nutrition. It is in these areas that we must add to our knowledge; it is in these areas that we work out mechanisms of how things biological happen and where we get answers to frequent questions of why and how they happen. This approach is very intriguing and complex. It is becoming more and more expensive to do this work in basic research, as Director Sloan indicated.

We have a big problem here that we cannot ignore. If we ever fail to have an adequate storehouse of knowledge when a quick answer is needed we will be sunk. This applies as much in agriculture as it does to space research, medical research, or any other important research that one could mention.

How does this tie in with our need for additional facilities? It ties in, in several ways.

Today in our agricultural organization at the State university we are all taking a new look at agriculture, at the changing picture in agriculture and considering what adjustments are necessary. In agricultural research, we are more and more concerned that it is becoming highly specialized and there is not the opportunity for cross-fertilization of ideas that we think there should be. Many stations are talking about getting away from our present departmental organization into a scheme whereby the biochemists, and the geneticists, and the physiologists, and the like, can get together and talk about a common area. This raises a question, How can we bring these groups together? Some of us propose that an institute is the answer and presents a means of bringing people together in the biological sciences, or in the genetics groups across the country, whether it be in animal or plant genetics and things of that kind.

To point up the need for facilities, I cite the example of our own institution with which I am most familiar. You have all heard, I am sure, of the burgeoning student load that we are getting at our land-grant institutions. Our land-grant institutions are confronted with this more than our private institutions as they have a public responsibility. The private university may decide that they will stay at their present peak enrollment, that they are not going to increase. The public institution cannot make this decision. They have to try to accommodate the maximum number of students.

In 1955 at Penn State we had a plan developed for the future whereby we said that we would expand from, approximately, 15,000 students in 1955 to 35,000 students by 1970. This envisaged ways of financing such an expansion. I must confess that our administration was disappointed that the funds that were contemplated have not kept pace with the years and that we have not been able to accept the increasing thousands of students each year that we had hoped to do. We are behind schedule.

What does this do to agricultural research? I think you can see that if the emphasis is on instruction, the university administration will, of necessity, place the need on additional facilities for students, such as dormitories, laboratories, and classrooms.

I believe our agricultural research has suffered as the result of it. We have not had the high priority that we would like to have had to get additional research facilities. You know, I am sure, that the majority of students who are being admitted are in areas other than agriculture.

At Pennsylvania State our student enrollment over the past 5 years has been pretty much on a plateau. We have not varied by more than 50 or 100 students in an overall total of 15,000 students. We are pretty constant and have very few ups and downs. It does mean that instruction is receiving major attention and that research is being pushed aside. This, undoubtedly, is going to continue in the foreseeable future.

I feel that this bill would provide an excellent means of getting research facilities for our agricultural experiment stations.

I am sure that you appreciate the fact that if we go to the State legislature and say that we have a dollar toward a building that they are more likely to give us the matching dollar than if we do not have

the first dollar. This is a big point, to have a program set up whereby we can obtain the financing for needed physical facilities.

I believe that is all, Mr. Chairman, unless there are some questions.

Mr. ABERNETHY. Thank you very much.

Dr. HAWKINS. Mr. Chairman and members of the committee, I want to refer now to the material which has been placed before you in the form of printed copies. Let us use this material as reference rather than a detailed reading of it.

That is in line with your suggestion?

Mr. ABERNETHY. Yes.

Dr. HAWKINS. May I recognize, first, then, the material which you will find on page 6 of the copy before you which deals directly with a number of questions that have been raised here previously. I shall not attempt, obviously, or presume to answer the questions directly which have been presented because they were presented to a different witness. I shall recognize that the act essentially would be an open end authorization of such amounts as the Congress deems advisable to appropriate year to year, and that a facility costing less than \$20,000 would not be eligible for support under this program.

Mr. ABERNETHY. Is that because you have determined that that would be an inadequate facility?

Dr. HAWKINS. Mr. Chairman, it is because we believe that the existing Hatch authorization is quite adequate to take care of these small structures under \$20,000.

Mr. ABERNETHY. All right, think you.

Dr. HAWKINS. I should like them to refer to page 3 and request that this page of material be incorporated into the record.

Mr. ABERNETHY. That will go into the record at this point. And would you like also to incorporate at this point the material on pages 6 and 7?

Dr. HAWKINS. If permissible, yes.

Mr. ABERNETHY. I think that would be helpful.

Dr. HAWKINS. That material is largely taken from the bill itself, but if it is agreeable to the committee we should be grateful for the inclusion of pages 6 and 7 in the record.

Mr. ABERNETHY. Very well, it will be incorporated here.

(The information referred to above follows:)

The following further notes on the background and current status of Federal-State cooperation in agricultural research are pertinent:

1. Several State agricultural experiment stations in the United States were established prior to 1887.

2. Hatch Act of 1887 first authorization for Federal appropriation to State stations.

3. Subsequent acts were Adams 1906, Purnell 1925, Bankhead-Jones of 1935, Bankhead-Jones amended (Research and Marketing) 1946, and Hatch amended 1955.

4. Bankhead-Jones 1946 established "open end" authorization for appropriation. Hatch amended 1955 consolidated all authorizations and retained open-end provision.

5. In none of the foregoing was workable provision made for use of Federal-grant funds for major physical facilities. Hatch amended 1955 does include authorization for use of funds "for the purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research," but no adequate provision was made for carry forward of funds beyond the end of a fiscal year.

6. A separate authorization for Federal support to major facilities is proposed in order that it may (1) stand on its merits and (2) avoid confusion with Hatch funds for operations.

7. Immediate needs under this authorization are estimated to be \$12 million annually, to be matched by like or greater amounts from non-Federal sources.

8. None of these funds would be used to finance facilities for teaching purposes, only for agricultural research.

9. Justification for Federal funds for agricultural research is no different than for other kinds of scientific research.

10. Justification for Federal funds for agricultural research facilities is parallel and identical to use of Federal funds for research operations.

11. Inadequacy of physical facilities for agricultural research have become critical in the States.

12. In actual practice the States will exceed Federal in amounts which will be provided for physical facilities for agricultural research.

13. The Congress and the U.S. Department of Agriculture, with approval of the Bureau of the Budget, are on record recognizing the need for additional support for physical facilities at the State Agricultural Experiment Stations.

PROVISIONS OF THE BILL

See sections 4, 5, 6, 7. The bill, as proposed, would :

(1) Authorize appropriation of "such sums as the Congress deems advisable" for purposes of the act.

(2) Direct that, of sums appropriated, one-third be allotted equally among the States; and two-thirds be allotted among the States on the formula basis as per rural population and farm population, both given an equal weight.

(3) Require each State to match or exceed, from non-Federal funds and for the same purposes, any sum received under this act.

(4) Provide for carry forward of funds available to a State for 2 fiscal years following the year when appropriated, to allow the State to raise the matching money.

(5) Permit other States to receive balances of funds not claimed by States under the formula distribution.

(6) Require each proposed facility to be justified separately and to be handled as a separate project to qualify for fund support.

(7) Minimum eligible facility would cost at least \$20,000.

(8) Limit eligibility consideration in multiple purpose facilities to that portion of the facility to be utilized for agricultural research.

ADMINISTRATION

Administration of the act is assigned to the Secretary of Agriculture. The director and the treasurer of the respective State agricultural experiment station are recognized as the responsible officers of the State station. Provisions for records, reports to the Congress, and adaptation to certain State peculiarities are clearly made. Appropriation for administration as may be necessary is authorized.

EFFECTIVE DATE AND COST IN FIRST FISCAL YEAR

Inasmuch as the act would be an authorization for appropriation, not an actual appropriation, it would become effective when signed into law by the President. But no request for appropriation is contemplated in the fiscal year of enactment of the bill into law; therefore, the act would cost no money in its first 12 to 15 months of life.

In summary, this bill, when enacted into law, will authorize appropriation of Federal-grant funds, on a matching basis, to the State agricultural experiment stations to assist in acquisition and construction of physical facilities for agricultural research. Lack of adequate facilities has become a serious bottleneck to the full use of available scientific talent, and to advancement of technical knowledge toward solution of serious problems in agriculture and related business and industry.

Precedent for Federal assistance to the States in support of agricultural research was initiated with the Hatch Act of 1887. This fund support always has been vital to the ongoing of an effective program at the State agricultural

experiment stations. Now comes the critical need for further assistance toward more adequate research facilities. Authorization under this bill would meet that need.

Dr. HAWKINS. Now let us refer directly and specifically to the notes which appear on page 3. You are quite well aware of the substance of the first four of these notes, namely, the history relative to Federal-grant support to the research at State agricultural experiment stations. And the end of item No. 4 brings us up to date on that point.

As to item No. 5, in none of the foregoing was workable provision made for use of Federal-grant funds for major physical facilities. The Hatch Act, as amended, does include authorization for use of funds—

for the purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research—

but no adequate provision was made to carry forward the funds beyond the end of a fiscal year. And no major facility can be planned, committed, constructed and funds spent in one 12-month period.

Mr. ABERNETHY. As I understand it, one of the principal objectives of this bill is to make available funds, the expenditure of which is not limited to any particular 12-month period?

Dr. HAWKINS. Correct.

Mr. ABERNETHY. Because it is impossible for you to plan and get approved and constructed a facility within that period of time.

Dr. HAWKINS. And meet it with matching funds.

Mr. ABERNETHY. So, therefore, to use an expression down my way, you are "hog tied."

Dr. HAWKINS. That is right.

Mr. ABERNETHY. Then you know what that means?

Dr. HAWKINS. I do know what that means. I have experienced it, sir, and do now:

Mr. ABERNETHY. And therein lies the principal necessity for this bill, does it not?

Dr. HAWKINS. No, sir, I want to elaborate on a further need, but on that one specifically, permit me to say—

Mr. ABERNETHY. But that specific need is involved.

Dr. HAWKINS. That is a definite need. And the current authorization is inadequate in that respect and unworkable in that respect. In practice it is unworkable. It is in another respect that I want to elaborate after a bit, but in this respect the present Hatch authorization is unworkable for the reason you have just pointed out.

I would point out, however, that the bill H.R. 890 does not leave dangling the time element on the use of funds. There is a definitely prescribed time calendar within which the funds would have to be used, and any balance not used to the end of that specified time would cover back into the Federal Treasury.

Mr. ABERNETHY. What is the time limit?

Dr. HAWKINS. Approximately 2 additional years.

Mr. ABERNETHY. I think we had better get that nailed down right now. That is on page 7, subsection (b) of the bill, is that it?

Dr. HAWKINS. Two fiscal years following the year when appropriated.

Mr. ABERNETHY. I see. Thank you.

Dr. HAWKINS. I am referring to item 4, on page 6 of these notes which you have indicated would be incorporated.

Mr. ABERNETHY. That would be for a period of 3 years.

Dr. HAWKINS. That is correct. The year for which the moneys were appropriated plus 2 ensuing years.

Mr. ABERNETHY. All right. Thank you.

Dr. HAWKINS. At this point, then, let me note the item of estimated need for funds and any "ceiling" figure.

We conducted a careful inventory of needs recently of all of the State agricultural experiment stations in 50 States plus Puerto Rico, all of whom would be eligible for consideration under this authorization, and came up with a figure of need of \$12 million in Federal funds.

Mr. ABERNETHY. That was done after a survey of the needs of the various stations?

Dr. HAWKINS. That was the survey—this was the survey, yes, sir, of the needs of the various stations, and response back, to the tune of \$24 million Federal and State funds. That is the round figure.

Mr. ABERNETHY. That would depend upon State interest and participation.

Dr. HAWKINS. It would vary, yes, sir.

Mr. ABERNETHY. Is \$12 million the Federal share?

Dr. HAWKINS. Yes, sir. Every dollar of which would have to be matched by non-Federal funds in the State to be available.

Mr. ABERNETHY. Mrs. May.

Mrs. MAY. May I interject one question at this point?

Dr. HAWKINS. Yes, ma'am.

Mrs. MAY. In this survey, you have contemplated our needs over a 10-year period for existing stations. Does this also contemplate the addition of any new agricultural experiment stations?

Dr. HAWKINS. Congresswoman May, let me emphasize that in making this inquiry, we considered what we call the State agricultural experiment stations as the total complex of agricultural research administered by the State station within that State. Consequently, no distinction was made as to whether the facility would be located at post office A or near post office B; that is, the home station at the campus or a major outfield station, special station out in the State. That differentiation was not made, so we regarded each State as a unit in this connection.

Mrs. MAY. Thank you.

Mr. STUBBLEFIELD. Let me ask you a question right there.

Dr. HAWKINS. Yes, Mr. Stubblefield.

Mr. STUBBLEFIELD. In line with Congressman Reifel's statement about interesting some outfit in science, would it not be well to locate it in the proximity of the college, of the State college?

Dr. HAWKINS. By all means, the major facilities that would be financed under this authorization certainly would be on or near the campuses of the institutions. But there could be conceivably, in various different States, a real need for an important installation at a special station out in a State where conditions may differ from those at the campus.

Let me emphasize, then, that each installation, each structure, would have to stand on its merits and be justified by an application, if you please, to the Secretary of Agriculture for support to that structure.

So in that respect, this authorization would be different in detail from the present Hatch authorization for operating programs.

Every proposed structure and installation would have to stand on its own merits and be justified in itself as to character and location.

Mr. ABERNETHY. Are the 2,300 people that Dr. Knoblauch referred to, Federal employees now in the States, working in these experiment stations, are they scientists?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. They are all scientists?

They are not administrators, executive officers?

Dr. HAWKINS. You are correct. They are scientists and full-time scientists. They are not teachers, they are research scientists. They are not even combination teacher-researcher. They are Federal employees stationed at the State stations and with Federal funds made available in partial support of their work. Minor equipment, lesser pieces of equipment, such aids as transportation, rolling stock and the like, are available to them, financed by Federal funds. Major structures are not provided them from Federal sources.

Mr. ABERNETHY. The space made available to them, though, and the facilities which they are using are financed primarily by the State?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. Entirely by the State?

Dr. HAWKINS. In this reference entirely. I mean in most instances entirely, not on a partnership basis so far as the facilities are concerned. There are exceptions, however. We have one in Oklahoma, known as the Fort Reno Livestock Station, where the Federal Government is the landlord and does furnish the physical facility. It is the exception, as I say, rather than the rule. In most instances these 2,300 scientists that Dr. Knoblauch referred to work in State-owned facilities.

Mr. ABERNETHY. Well, now, Mr. Jennings just raised an interesting question here. I guess we should permit him to propound the question.

Mr. JENNINGS. Go ahead.

Mr. ABERNETHY. Once the facility is constructed under the authority in this bill, whom does it belong to?

Dr. HAWKINS. Title would rest with the State institution. It would not have a Federal title. These would be Federal-grant funds and as such, the Federal Government would sever title to them, being grant funds.

Mr. HARVEY. Would they not be in the same category as the Hill-Burton funds?

Dr. HAWKINS. That is correct. Federal would retain no custodial nor ownership responsibility in them.

Mr. ABERNETHY. All right, sir.

Dr. HAWKINS. Let me elaborate a bit further, now, on the other aspect of the question which was asked earlier, as to inadequacy of the present Hatch funds relative to physical facilities. And incidentally, bear in mind that the fund we are proposing—

Mr. ABERNETHY. Would you suspend just a minute?

(Off the record.)

Dr. HAWKINS. I was at the point of commenting that under the present Hatch funds—permit me to correct myself.

Under this proposed authorization, only physical facilities—real estate—would be eligible for use of these funds, and only those pieces of equipment which become permanently fixed in the building and thereby become a part of the real property of the building would be eligible to these funds. Movable equipment and the like would not be eligible for these funds.

Now, item 6 on page 3 of these notes reads as follows and emphasizes what I have to say:

There is here proposed a separate authorization for Federal support to major facilities in order (1) that authorization for fund support of facilities may stand on its merits and (2) avoid confusion with the present Hatch funds that are used entirely for program operations.

Now, you may raise the very appropriate question, Why do we not use the Hatch funds now for the full breadth of their authorization including land and buildings?

The simple fact, may I point out to the committee, is that the procedure, the mechanism under which the administration asks the Congress for funds and the Congress in turn appropriates funds and ultimately allocates them to the States, does not allow for (1) the accumulation of sufficient funds at one location to construct a major facility, or (2) as we have said, the extension of time eligibility long enough to complete the construction of the facility.

Mr. JENNINGS (presiding). Doctor, have any recommendations been made toward changing the procedure in the Hatch Act funds to simplify them, in order to accomplish these results that are advocated by this bill?

Dr. HAWKINS. No recommendation has been made to date, Mr. Chairman, for this reason. May I elaborate further?

Mr. JENNINGS. Yes. Why was this avenue used rather than amending existing acts?

Dr. HAWKINS. Yes, sir; a very logical question, so let me respond to it in this manner.

We think the present authorization is an excellent one for the activities which it is being used to support. I am referring to the Hatch Act as the existing authorization. It works well and we think is quite adequate for support of operating programs of research in the State agricultural experiment stations, but is not adequate to the building of a major facility for research.

We believe, to cure that inadequacy, if you please, that we need these three items, these three provisions that would be embodied in a new authorization, the three we have mentioned: No. 1, a means of focusing attention of the Congress in the appropriating procedure, if you please, on facilities; No. 2, a means of carrying the time eligibility for use of these funds to sufficient length to permit the completion of the structure; and No. 3, the time element to permit the States to raise the money to match the Federal.

Mr. JENNINGS. Would there be some duplication?

Dr. HAWKINS. Duplication in what, Mr. Jennings?

Mr. JENNINGS. Duplication in this act and in the Hatch Act.

Dr. HAWKINS. Let me get the question clearly, now, exactly as to what you mean by duplication.

Mr. JENNINGS. Could you not request funds for construction from both this legislation and through the Hatch Act also?

Dr. HAWKINS. In fact there would not be duplication, and I will elaborate on that, if I may.

Let me refer to our own State, because it is the nearest average of the entire 51—that is, 50 States and Puerto Rico. Oklahoma happens, under the Hatch Act, to get just about an average of the amount that goes to the several States.

Now, Oklahoma has a continuing program of research of approximately 300 active projects. It is quite unrealistic ever to hope to get under the Hatch Act sufficient funds, for example, to build a structure that would cost \$1 million, or that would cost even a half million dollars; and it does not take much of a building to eat up a half million dollars nowadays.

Incidentally, let me point out that any one of these building projects would be nonrecurring.

The Oklahoma station gets approximately \$600,000 under the Hatch authorization now. That money is committed to an on-going program. We would have to sharply cripple the current going program to accumulate enough money to get a quarter of a million dollars from this source, to which we could add a quarter of a million non-Federal money to build a half million dollar structure.

Either that or the Hatch appropriation, do you not see, would have to be increased right off 50 percent in order to allocate enough money to Oklahoma to build a major structure.

I am trying to respond to your question, Mr. Congressman, to point out the unworkability of the existing authorization to provide a quarter of a million dollars new money to Oklahoma in any one year to build a building.

Mr. STUBBLEFIELD. Are you saying then that it would be agreeable with you to strike out the construction under the Hatch Act?

Dr. HAWKINS. No, I did not say that and I do not agree to that for the reason that we are using it now for these small items that are highly important to us.

Mr. ABERNETHY (presiding). Well, for instance, you have a \$20,000 minimum in this bill and you would need the authority which is presently in the Hatch Act to take care of that character of facility?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. After all, the same department would make the determination as to the amount of funds that would go to any State under either or both of the acts.

Dr. HAWKINS. That is correct. There is adequate provision to prevent any squandering or wasting of money. As you have just pointed out, the Secretary of Agriculture or his designee is charged with the responsibility of avoiding wasteful use or duplication of any two or more Federal funds; and two Federal funds would be involved here.

Now, as to whether you did this as an amendment to the Hatch Act or as separate legislation, and I do want to face specifically to that question, we think the Hatch Act is working so well at present as authorization for an operating fund, we are reluctant to see it opened up for change.

Mr. JENNINGS. Doctor, a few years back, we attempted to pass some legislation that would consolidate some of the appropriations so that you would not have such a Frankenstein monster of bookkeeping.

How has that worked?

Dr. HAWKINS. It has worked beautifully. It has been an excellent accomplishment. The consolidation was done in the form of an amendment to the original Hatch Act.

Mr. JENNINGS. Are we not going in another direction now with this bill?

Dr. HAWKINS. Not for the same kinds of activity, Mr. Jennings. We are proposing here to go in for a use, an end use, that is, a major facility, which will call for a set of records separate from our operating program. Whether you incorporated this authorization as an amendment to the existing Hatch Act or whether you enacted it as a separate authorization would in no manner decrease the need for a separate, specific set of records for these proposed buildings and structures. We would not be complicating our job hereby, as would be true if we were asking for a new authorization for operating program support.

Dr. KNOBLAUCH. May I please supplement the record?

Mr. ABERNETHY. Yes, Dr. Knoblauch.

Dr. KNOBLAUCH. I wish to refer to Congressman Jennings' comment on the consolidation of the Federal-grant funds of several acts and what this has meant in making payments to experiment stations.

You will recall I appeared before your committee at that time. From the standpoint of overall administration and simplification of procedure, this has been one of the most forward steps taken in many years. I just wished to make this statement for the record.

Mr. ABERNETHY. We took that step in about 1955 as I recall.

Dr. KNOBLAUCH. That is correct.

Dr. HAWKINS. Mr. Chairman, I shall welcome any further questions.

Mr. ABERNETHY. Have you concluded, Doctor, with your general statement?

Dr. HAWKINS. Yes, sir, Mr. Chairman. Let me consider this as having been completed, with the assurance that I will be glad to elaborate on any further questions that may be asked.

Mr. ABERNETHY. All right.

Mr. JENNINGS. No questions.

Mr. ABERNETHY. Mr. Stubblefield?

Mr. STUBBLEFIELD. No questions.

Mr. ABERNETHY. Mrs. May?

Mrs. MAY. Yes.

You spoke of this change in the 1955 law that has improved your handling of problems considerably.

Dr. HAWKINS. Yes, Ma'am.

Mr. MAY. There was a change made last year in the appropriation of funds for research, in Mr. Whitten's Subcommittee on Agricultural Appropriations. A special million dollar contingency fund was set up for the purpose of making research funds available on a more flexible basis when they were needed.

Has this fund been used in any State experiment stations? I think that is connected with this whole problem and I would like to have your reaction at this time.

Dr. HAWKINS. Congresswoman May and other members of the committee, it was a little different than you have described. There is currently no authorization for a contingency fund or a special fund or a

lump-sum fund out of which allocations can be made to the State agricultural experiment stations.

To do so would require new legislative authorization. An expression was made of certain use of the Hatch funds. The expression made first in the Senate committee, subsequently concurred in in the conference committee, essentially earmarked \$1 million for expanded work on weed research within existing authorization.

That sum of money was subject to the same distribution among the States as the Hatch Act authorizes presently. It was not a contingency fund in the sense that it was a lump sum that could be bunched under any newly established procedure.

Do we need to discuss it a little further to clear up the question you have raised?

Mrs. MAY. Yes, because there was a great deal of discussion of how this might help agricultural research.

Mr. ABERNETHY. Dr. Knoblauch is trying to get in here.

Dr. KNOBLAUCH. Yes, Mr. Chairman. May I comment?

There was an appropriation of \$1 million under "Salaries and Expenses," to the Agricultural Research Service for a contingency research fund. This money is not available for grant to experiment stations. Some of these funds are being used through research contracts with experiment stations.

Mrs. MAY. I wanted to get that in the record. There is a great deal of misunderstanding about this contingency fund and many areas think this fund is available to the experiment stations.

I might ask you if you would be in favor of such an approach as a contingency fund, or whatever you might call it, a special fund that would finance research on special problems in this way, separate from facilities, of course?

Dr. HAWKINS. Mr. Chairman, is it permissible for the witness to ask a question off the record to orient himself?

Mr. ABERNETHY. Of course.

Off the record.

(Discussion off the record.)

Dr. HAWKINS. If it please the committee, we would like to submit this little statement labeled "Supplement to a statement on the bill to assist the States," and so forth.

Mr. ABERNETHY. Which is in response to her question?

Dr. HAWKINS. That is right.

Mr. ABERNETHY. That will be incorporated in the record.

(The statement referred to is as follows:)

SUPPLEMENT TO STATEMENT ON A BILL TO ASSIST THE STATES TO PROVIDE ADDITIONAL FACILITIES FOR RESEARCH AT THE STATE AGRICULTURE EXPERIMENT STATIONS

Need has been recognized for a special fund to finance research to solve special problems which arise in agriculture in the several parts of the country. The following is an excerpt from the record of the hearings before the Agricultural Subcommittee of the Committee on Appropriations, House of Representatives, 87th Congress, 1st session, part 3, pages 127 and 129, Department of Agriculture Appropriations for 1962:

"Mr. WHITTEN. Every year that this committee meets, we will have many, many outside witnesses and Department officials tell us of particular problems that meet them if they do not get some more money.

"Many times these problems are acute, and they are the kind of thing where it looks to me, if you threw your weight behind it on a concentrated basis, that it might really do some good.

"Now, could you do it better if you put it all in one place and went after it, or do we have to have each college receiving a little of this and each experiment station cutting in? Would it be better if, in addition to whatever we might do here, there were a central fund, instead of having to divide it between 50 States? Would it not be better to have a little latitude here in a central fund so that the departmental head could really go after a problem?

"Each of you have problems as to how to finance your present operations. The State legislatures are all talking about how hard it is and how cheap money is getting and what they are up against. And your counties are, and we are, too.

"So I know all of you have problems of getting sufficient funds to carry on your work. Your statement says it and be believe it.

"But, now, if a problem is serious enough to where we need to move in to do it just as fast as we can, if we did not take away the money you have, but if we had a central fund that could be thrown right behind that thing instead of dividing it 50 ways, it makes me wonder if it might not offer something.

"* * * We have 50 States and everyone is proud of his State, and every director is proud of his State, and each one knows he can do a good job. But some of these problems could be handled better at a particular place than they could be at some other.

"Somebody would have to decide it. I would not want that job. But we all recognize that in particular areas and particular sections of the country, these things should be dealt with."

No authorization exists for such a special fund in support of research at present. The directors of the State agricultural experiment stations believe that a central fund is needed to deal with these special problems as they arise and in the regions where they occur.

We look upon this method of financing research to be of short term with respect to emergency problems. Outbreak of a new disease may occur in an area, or a new insect pest may descend upon a farm crop. The research required for solution or control of the disease or insect could be initiated with intensive effort at one or a few locations, taking advantage of the existence of one or a few State experiment stations capable of doing the research if given funds for such added burst of effort. If the problem is solved within 2, 3, or 5 years, well and good. If the answer proves not to be forthcoming in, say, 5 years, the work might be eased over onto our more permanent, continuing funds.

Need for a specialized laboratory or other facility of permanent character, to facilitate research on problems common to two or a few States, has been experienced for years, but funds to meet such a need have never been available under existing authorizations. We believe this need could be met effectively by a central fund as suggested.

There are certain broad but definite subject areas where emphasis on basic or fundamental studies and investigations, concentrated at one or a few locations, would prove highly productive in research results. And the need is great for more basic scientific information to undergird effective practical or applied research and development in modern agriculture. Here, too, the central fund would meet the need.

Our thought is that such a central research fund should be allocated at the discretion of the Secretary, with the counsel and advice available to him from the States. The administration of the fund in the usual sense of the word should be a responsibility of the Secretary, of course.

Sums to be appropriated into such a central research fund in any fiscal year would be requested and justified by the administration before each session of the Congress.

We in the State experiment stations propose that a central research fund be authorized for the purposes set forth above. We believe the authorization could be incorporated in the bill which is before you on facilities at the State agricultural experiment stations.

Dr. HAWKINS. If the committee would like it this way, that is the best way I can respond to your question. For the record, your question was, What is our reaction to such a proposal? My response would be we would favor such an authorization for the reasons indicated in this little statement.

Now, these three pages of notes in substance and overly abbreviated say:

(1) That the question was presented to us in an official manner a year ago by the chairman of the Subcommittee on Agriculture of the House Appropriations Committee, whether we needed a special contingency fund separate from our Hatch Act authorization to deal with problems as they arise.

We responded at that time, as the record will show. We have given a great deal of study to the subject in the ensuing year since that time.

I have quoted in these notes the testimony—I mean to say the question that Mr. Whitten raised of our committee a year ago, and I have proceeded to point out that no authorization exists for such a special fund in support of research at present.

(2) I have pointed out the usefulness of such an arrangement to deal with emergency problems as they may show up from time to time, an outbreak of a crop or livestock disease, the onslaught of a new insect, or something of the sort, and I have indicated where effort could be supported and concentrated in one or few locations to solve the problem, and that in that type of research, we would regard it to be an emergency and short-term type of operation.

In the event the answer was not forthcoming in 2, 3, or 5 years, then we would envision easing that work over on to our permanent continuing funds and not look to this fund for continuing support.

(3) However, we think there are two additional needs for such a central or special fund. One is to support certain specific basic research, the results of which would be widely applicable to the entire country and the entire field of science related to agriculture, but where the work need not be done in 50 different places, but could best be concentrated in a few places, and the other, a need for facilities for a regional laboratory or a special laboratory to finance this kind of work.

Those are the items contained in this three-page mimeographed item.

Mrs. MAY. You feel the bill before us could be amended to include such an approach?

Dr. HAWKINS. Yes, ma'am, we recognize it would be a sort of arbitrary amendment as to subject matter, except that it is all within the field of agricultural research and this bill is the one that is in process before us at present.

As a matter of fact, and I would not ask that this be incorporated into the record, and neither do we presume to be draftsmen of bills, but I have here, for whatever it might be worth, a combination of this last-mentioned item included with the facilities authorization if the members of the committee would care to look at it as to a way in which they could be combined.

Mrs. MAY. One last question, Mr. Chairman.

Have you heard of the famous term used in Congress called back-door spending?

Dr. HAWKINS. I have heard of it and understand its working in some respects, but just how, I have not heard.

Mrs. MAY. Would your understanding of the term make it possible for you to answer this question? Are the present appropriation of funds under the Hatch Act defined as back-door spending? And is the

contemplated change in appropriation of funds under this present bill subject to the charge of back-door spending?

I ask this question to make a record. I think it is very important. We spoke of having to anticipate criticism of this bill in regard to creation of more surplus. It is quite possible we will also face criticism on the basis of back-door spending in attempting to sell the measure to Congress.

Dr. HAWKINS. Well, if I understand anything of the mechanism of back-door spending or side-door spending, or whichever it is, I cannot conceive of what we have discussed here this morning being charged with that label, because we are proposing here an out-and-out authorization for appropriation. The matter of appropriation would have to stand on its merits later on as requested, justified, and ultimately cleared by the Congress.

We are talking now only of, as I understand, a straightforward authorization for appropriations via the front door.

Mr. ABERNETHY. You have stated the situation correctly, Doctor. The bill provides for authorization and a subsequent appropriation in such amount as the Congress would hereafter determine.

Mrs. MAY. Thank you, Mr. Chairman.

Dr. HAWKINS. Let us thank the committee—

Mr. ABERNETHY. We are not quite through.

Dr. HAWKINS. Very well. We will be happy to wait until you are through with us.

(Discussion off the record.)

Mr. ABERNETHY. The committee will stand in recess until 1:30.

(Whereupon, at 11:50 a.m., the committee recessed, to resume at 1:30 p.m., of the same day.)

AFTERNOON SESSION

Mr. ABERNETHY. Doctor and gentlemen, would you gentlemen resume your seats?

STATEMENT OF DR. LOUIS E. HAWKINS; ACCOMPANIED BY W. L. GILES, H. J. SLOAN, M. A. FARRELL, AND R. L. LOVVORN— Resumed

Mr. ABERNETHY. There are a couple of questions I want to ask.

Do you have a copy of the bill before you, Doctor?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. If not, I have one here.

First, I would like to have you turn to page 4, line 2, which reads as follows: "The shortage of needed facilities is intensified by the expanded operating research program which is financed in part by the Federal-grant funds, and by the presence in the States of Department of Agriculture research personnel working on cooperative Federal-State programs."

Now, would you illustrate that in some fashion. Give us some illustrations as to whom and where these people are working, what they are doing there?

Dr. HAWKINS. Yes. I would be pleased to do so.

Mr. HAGAN of Georgia. What page?

Mr. ABERNETHY. Page 4, line 2.

As I interpret that, it indicates a crowded situation. Is that right? I do not mean to imply that they are unwelcome.

Dr. HAWKINS. I understand your question. Two facets, may I say, are included in this sentence that you just read, and your question relates only to the latter part of the sentence, not to the first part of it.

Mr. ABERNETHY. Who are these people? I do not mean by name. What are they doing there?

Dr. HAWKINS. Yes, sir. Of course, I can readily refer to examples in my own State which I shall, for convenience, if I may be permitted to do so.

Mr. ABERNETHY. This is some of the 2,300 that you referred to this morning?

Dr. HAWKINS. That is correct.

Now, for many years, there has existed in Oklahoma and the program is expanding, is being enlarged, research on improvement of grazing and forage crops, grasses, we will say.

For many years, the lead research scientist in that field of work was a civil service classified individual stationed at home base, what we call home base, at Stillwater, Okla., working over the State of Oklahoma and the southern Great Plains area generally; regional so far as he was concerned as a Federal employee.

He also was a partnership employee. The State paid approximately half of his salary, the Federal government directly paid the other half of his salary, he was administratively responsible through the channels of the Agricultural Research Service as a Federal employee. But it is, was, and still is a partnership program in which we supplied this individual with subprofessional help, a place to work, the laboratory, the fields.

Mr. ABERNETHY. That is what I was going to ask, whose facilities?

Dr. HAWKINS. Our facilities; our buildings, our land, our major facilities; non-Federal; State.

Now, that program is expanding, along with various and sundry others, but that is one example. And as it expands, we are in more critical need of facilities. That is what this sentence refers to.

Mr. ABERNETHY. Well, now, a question that would be a natural thing for someone to inquire about, actually what kind of facilities are needed? Now, in line 8, you say:

It is further noted that lack of facilities has become a bottleneck to successful operation of an adequate research program.

What kind of facilities?

Dr. HAWKINS. I will elaborate there.

Mr. ABERNETHY. After all, this committee wants to know something about what these are.

Dr. HAWKINS. That is correct, and we appreciate the opportunity, if we may say it this way, of arming you with ammunition that will provide answers to these questions.

Staying in this same field of plant sciences, our most critical need is for a sizable building in which to install what has come to be known as plant growth chambers, a facility, a walk-in facility, if you please, of that magnitude, that size, in which light and temperature and humidity can be controlled for research purposes in the field of plant physiology, particularly.

Now, it takes a substantial facility to provide——

Mr. ABERNETHY. What kind of facility did you call that?

Dr. HAWKINS. I called it plant growth chamber.

Mr. ABERNETHY. That is what we ordinary laymen call a big hothouse, is it not?

Dr. HAWKINS. No; it requires far more critical control than that.

Now, a big hothouse is just a greenhouse, a glass house, with only nominal and gross thermostatic controls for temperature, practically no control for humidity and only limited control of light.

Mr. ABERNETHY. All right. Can you give us another illustration?

Dr. HAWKINS. Another illustration would be in the field of the animal sciences. We have gone about as far as we can go in studying feeds and feeding until we know more about what transpires, what happens, in the rumen or stomach of the beast.

So we need nutrition laboratories that require a substantial, costly building—I am talking about a building costing \$30,000 to \$35,000 a square foot; a brick and steel building, in which to install digestion and metabolism stalls or crates, to place these animals in, so as to carefully measure and control all the intake of feed and feed substances and measure all that comes away from the animal. We further this kind of study by taking samples from the rumen of the animal; study the bacteriology of what is going on in that rumen; and the chemistry of nutrition through associated work in chemistry laboratories.

It takes a costly, highly specialized kind of facility to do that kind of work.

Mr. ABERNETHY. Now, would you sometime in the next few days expand on this in the form of a statement to be inserted in the record, you and your colleagues, I would say, might do that——

Dr. HAWKINS. I would be pleased to do so.

Mr. ABERNETHY (continuing). Showing the need at various points around the country—Pennsylvania, Oklahoma, and so on—so that we may have something concrete in this record that we can point to and say, here is what is needed.

(The information referred to above follows:)

SUPPLEMENT TO STATEMENT ON H.R. 890 AND RELATED BILLS, SUBMITTED IN RESPONSE TO REQUEST OF CHAIRMAN ABERNETHY IN HEARING CONDUCTED MARCH 5, 1962. SUBMITTED BY LOUIS E. HAWKINS, CHAIRMAN, FACILITIES COMMITTEE, STATE AGRICULTURAL EXPERIMENT STATION DIRECTORS, MARCH 15, 1962

Representative examples of facilities needed at the several State agricultural experiment stations, for which funds authorized by H.R. 890 would be used, on a matching basis.

NOTE.—The following list represents immediate, high priority facility needs at representative State agricultural experiment stations. The facilities listed are typical but the list is incomplete as to total needs for the present and the immediate future.

ALABAMA

1. *Forestry research, \$500,000*

Genetics and tree improvement, tree, nutrition, forest insects and diseases.

2. *Wildlife research, \$100,000*

Game animal improvement, nutrition, physiology, diseases.

ARIZONA

Plant science research, \$700,000

First priority is for a combination greenhouse and controlled environment laboratory for research use by plant science departments. This would be constructed along the lines of the phytotron at Cal Tech.

GEORGIA

1. Marketing research laboratory, \$375,000

Space for working offices and laboratories for machine calculation, IBM computers, market modelmaking and market product handling studies.

2. Food processing research building, \$500,000

For study of processing, packaging, and handling of foodstuffs to enhance quality and consumption.

3. Agricultural engineering research, \$750,000

A major structure for research on farm equipment, farm structures, soil and water conservation and farm electrification.

4. Dairy research center, \$200,000

For studies on care and management of dairy herds in the South, dairy cattle disease control, breeding and nutrition problems.

HAWAII

Several research structures, \$1,625,000

The situation at the main station, Honolulu, is critical. Competition for building funds is so keen that priority must perforce be given to student needs. Consequently, the Hawaii Agricultural Experiment Station has received practically no augmentation of facilities for many years. Replacement facilities are needed for the Departments of Entomology and Poultry Science and, due to overall growth pressures, new facilities are needed for the Departments of Agricultural Economics and Foods and Nutrition. These four Departments are particularly burdened and overcrowded. Immediately, at least 25,000 square feet of floor area is needed for these Departments. At \$25 per square foot, this area may be estimated at \$625,000. To this list should be added at least \$1 million of expansion previously requested by all the departments in the Station in anticipation of needs by 1965.

IDAHO

1. Potato research center, \$283,000

A potato research center facility which would provide office space, laboratory facilities, experimental storages, and growth chambers for all types of research on potatoes. This facility is urgently needed to assist growers, shippers, processors, and consumers in production and marketing of fresh and processed potato products. This facility would be used by both U.S. Department of Agriculture and Idaho Agricultural Experiment Station personnel. Presently the USDA has a full time geneticist located in Idaho. Additional assistance has been requested from the USDA on postharvest physiology, engineering, and marketing. A request was made for this facility at the 1961 session of the Idaho State Legislature. It was not made available primarily because of the competition for funds for classroom buildings and other facilities for teaching and for facilities at noneducational State institutions.

2. Agricultural science, \$600,000

Unit Number 2, agricultural science building. This is needed to provide adequate facilities for research in agronomy and soils, entomology, and veterinary science. Presently these departments are in temporary buildings with inadequate office and laboratory space.

3. Dairy science research center, \$501,000

A dairy science research center including a research barn and all other facilities to go with it.

INDIANA

1. Plant science facilities, \$500,000

Controlled environment structures, greenhouses, soil-water-plant relationship laboratories, and plant nutrition facilities.

2. Wood utilization research, \$400,000

For research on the chemistry and physics of wood and wood products; adhesives, pressure treatments; heating, drying, and curing of woods for specified uses.

3. Crop utilization research laboratory, \$1 million

For research on industrial uses of crops and crop products other than for human food and animal feed.

KENTUCKY

1. Plant science research, \$1,200,000

To include plant growth chambers for control of temperature, light, and humidity to simulate conditions of the Ohio Valley and East Central United States for plant research; plant chemistry laboratories; plant-soil relationship facilities.

2. Food technology and small animal nutrition laboratory, \$1 million

For basic research into the properties of food stuffs and fundamental nutrition of animals.

3. Large animal research facilities, \$300,000

For digestion and metabolism studies of farm animals on feed stuffs common to the region of Kentucky and adjacent States.

MAINE

1. Forestry science building; 25 percent for research, \$250,000. To be used by State and Federal research personnel

Forest genetics: Basic research on forest trees, how they grow, and how more efficient production can be obtained by breeding and management.

Forest recreation: How recreation can be fitted in to multiple use of forest land.

Wood utilization: Basic research on the physical properties of woods, which will lead to improved utilization for various purposes.

Wood chemistry: On chemical components of forest trees.

2. Poultry research structure, \$100,000

New facilities for housing chickens in batteries, under controlled conditions for research in biochemistry and physiology of digestion and absorption in chickens. At present, facilities are available for laying hens, and for large pens of chicks for applied types of research. No facilities are available for more basic research under necessary controlled conditions, in battery brooders.

3. Potato storage facilities, \$50,000

Construction of storage research facilities for potatoes under controlled conditions of temperature, humidity, and ventilation. Several large processing plants have been established in Aroostook County during the past year, and they are requesting more information on storage conditions to maintain tuber quality, including problems of starches changing to sugars, which adversely affects processing quality through discoloration and other factors; shrinkage losses and problems of diseases developing in storage, including black spot; and use of sprout inhibitors.

MINNESOTA

1. Crops research building \$1,200,000

To house controlled environment chambers to simulate North Central States climate for plant growth; plant physiology laboratories; plant tissue studies for basic knowledge of conversion of plant nutrients into food and feed substances.

2. Entomology and economic zoology research laboratory, \$1,400,000

For basic studies on the physiology of insects; the actions of and reactions to systemic insecticides; the microbiology of both harmful and useful insects; fish and wildlife culture and management; and apiary or bee science.

3. *Biochemistry laboratory, \$600,000*

For fundamental studies in cereal chemistry including milling and baking research in the north central region; carbohydrates of foods and feeds; plant enzyme research; and biochemical relationships of plants to environment.

MISSISSIPPI

1. *Laboratory and office wing, administration building, Delta Branch, Experiment Station, Stoneville, \$500,000*

Most of the laboratory and land facilities at the Delta Branch Station are provided by the State. There are actually more USDA than State professional workers on the staff. Research results from this station in crops, soils, livestock production, agricultural engineering, and crop protection have application throughout the Midsouth. There is a pressing need for additional laboratory and office space and for library.

2. *Seed technology laboratory, Mississippi State University, Starkville, \$450,000*

At the present time the seed technology laboratory is housed in an ancient building which was designed for a textile mill. The laboratory includes one of the most complete collections of modern seed processing equipment in the United States. There is an extreme fire hazard in the present building. Results of research in seed analysis, seed processing, and seed handling have application throughout the South.

MISSOURI

1. *Animal Industry Building, \$1,500,000*

Basic research into animal physiology, with environmental control, calorimeters, metabolism stalls, digestion chambers, and biochemical test facilities.

2. *Plant science structures, \$1,500,000*

Plant tissue research, controlled environment studies and soil-water-plant relationships in the mid-Mississippi Valley.

NEBRASKA

1. *Agricultural engineering research building, \$1 million*

For basic studies in soil mechanics, soil-water relationships in the northern Great Plains, processing and handling of crop commodities.

2. *Animal science facilities, \$1,400,000*

Fundamental research in animal chemistry and physiology, isolation quarters for pathology studies, meat products research and small animal nutrition.

3. *Home economics research facilities, \$350,000*

Human nutrition studies; foods and diets; housing and household equipment.

NEW YORK

Bioclimatic laboratories, \$3,605,000

This facility would permit the study of all phases of plant production throughout the year with close control of all critical factors in the normal environment; that is, with planned and programed climates. Such laboratories will permit the study of climatic conditions affecting plant diseases and their control; rapid development of improved varieties through plant breeding; determination of adaptability of vegetable crops to climate zones; evaluation of effects of climatic factors on development and control of insect populations; development of climate control procedures for floricultural crops and the study of relations between climate variables and basic plant physiology. The proposed bioclimatic laboratories facilities provide units in which greenhouses, growth chambers and headhouse-laboratory components have been integrated for maximum efficiency at minimum cost. These facilities have been in the planning stage since 1960.

NORTH CAROLINA

Food science and processing research building, \$1,500,000

To house and facilitate basic and applied studies in the physical and chemical properties of foods and food components, improved processing techniques for plant and animal food products, including attention to quality characteristics, shelf life factors, and improved consumer acceptance.

OKLAHOMA

1. Plant and soil science structures, \$500,000

For basic research into the growth processes of plants in relation to soil and water under conditions of the southern plains region.

2. Animal science building, \$600,000

Ruminant nutrition, including biochemistry, physiology, and small animal laboratories for pioneer work into the life processes by which animals convert feed substances into meat and milk. Basic research into the relationships of nutrition to the physiology of reproduction will be conducted in this facility, also.

OREGON

1. Agricultural engineering structure, \$50,000

The Oregon station needs an agricultural engineering structure to facilitate research on mechanization of harvesting of fruit and vegetable crops. Present available facilities are completely inadequate. Rising labor costs are forcing growers of bush and pole beans, blackberries and other small fruit and tree fruit crops to shift to crops such as grain that can be harvested mechanically with little labor.

2. Weed research laboratory, \$50,000

A laboratory is needed at the Oregon station to house State and Federal weed scientists. Chemical laboratories and glasshouse facilities in which temperature, light, and humidity can be controlled are needed.

3. Animal disease research building, \$200,000

Security facility for use in studying highly infectious animal diseases. A facility of this type is required to do research on a number of livestock and poultry disease problems of current or potential economic significance in the Pacific Northwest.

4. Soil and crops research laboratories, \$750,000

New facilities are needed to house the research programs of the Departments of Soils, Microbiology, Farm Crops, and Engineering of the Oregon Agricultural Experiment Station. A new facility will be shared by USDA and State scientists. Availability of Federal funds to use on a match basis with State funds will greatly expedite appropriation of State funds by Oregon Legislature.

PENNSYLVANIA

1. Fruit crops storage and handling research structures, \$150,000

The deterioration of apples in storage has become a major problem in the fruit-producing industry. Loss of quality and deterioration of the fruit require intensive research in this field. The loss to Pennsylvania growers alone from physiological breakdown of Stayman apples was estimated at over \$1 million in 1957. Disorders such as scald and bitter pit cause considerable monetary loss each year. There appears to have been a trend in recent years toward diminished storage life, storage scald and rapid deterioration of the fruit.

There is a serious need for reliable information as to the value of rapid cooling of storage fruit, best containers, scald control agents and other factors determining storage life of apples. Controlled atmosphere cold storage needs much more study also. Facilities for this type of research are not available at present.

2. *Animal science research building, \$1,300,000*

This facility will serve to bring together related disciplines now scattered in 12 different areas and permit a greater coordination of research with resulting economies and productivity of results. It will provide for research in energy metabolism, rumen metabolism, nutritive evaluation of forages, egg quality studies, and advanced research in swine, beef cattle, and meats. The construction of this facility will free much-needed space for marketing research which is so important to Federal support programs.

TEXAS

1. *Agricultural analytical services research building, \$925,000*

For chemical and bacteriological analyses of soil, water and plant material related to research in soil fertility, plant nutrition, insecticidal residues and other chemical and bioassays of agricultural substances.

2. *Veterinary medicine research structure, \$360,000*

This building would house research in animal physiology pathology malnutrition and other animal health problems.

UTAH

1. *Feed mill and growing houses for the nutrition and management of Turkeys, \$75,000*

2. *Animal disease research laboratories, \$800,000*

This will provide space for 5 U.S. Department of Agriculture research scientists and 10 State people. These men are now housed in inadequate temporary buildings (World War II construction). Their program of research involves many problems having direct human relationships; heart problems of cattle (brisket disease occurring in high mountain meadows); poison plants with special emphasis on alkaloids having unusual physiological effects; one has just been discovered to have pronounced depressing effects on blood pressure; accumulation and physiological effects of insecticides and nematode and protozoan infection.

3. *Meat and small animal research laboratory, \$150,000*

This building is greatly needed to study the quality of meat in relation to inheritance, nutrition and management of all types of livestock, including poultry.

4. *Livestock research center, \$600,000*

A farm of 230 acres has just been purchased and buildings are needed for all phases of genetic, nutrition and efficient management of livestock (beef, sheep and swine).

Utah State University provides space for about 65 Federal employees in research. A new U.S. Department of Agriculture Crops Research Laboratory is providing space for about 30 of these.

VIRGINIA

Plant science research facility, \$1,100,000

A biotron type of structure for basic research in the plant sciences. The entire environment for the germinating and growing plant would be controlled to simulate conditions of the mid-Atlantic coast region.

WASHINGTON

1. *Greenhouses and plant growth chambers, \$750,000*

2. *Agricultural sciences buildings*

At Puyallup.....	\$2, 000, 000
At Wenatchee.....	2, 000, 000
At Pullman.....	4, 000, 000

These items are among those listed on our long-range capital outlay program for the university. They are the major needs for which legislative support will be requested in the order they are listed above beginning in the 1963-65 biennium.

ARKANSAS

Plant science center, \$2,500,000

A major structure for basic and applied research in all disciplines of the plant sciences. Emphasis will go to those areas of plant and soil biology which occur in the Ozark and mid-Mississippi Valley regions.

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. Now, in line 20, I believe we answered this morning: The words "On a matching basis." That is on a 50-50 basis, dollar for dollar?

Dr. HAWKINS. Yes, no less. Now, the State is going to put in more than the Federal does, but the law requires no less than matching Federal.

Mr. ABERNETHY. Yes.

Now, in line 23:

The purpose of this Act is to assist the State agricultural experiment stations in the acquisition of land—

and so on.

Is the Government now authorized to assist in the acquisition of land for use by the experiment stations?

Dr. HAWKINS. The answer to your question is "Yes." Permit me to elaborate, if I may.

The word "land" was included here, thinking primarily, if not exclusively, the land on which the building would stand. There might be an occasion, and very probably would be occasions where it would be necessary to extend the campus out a little in one direction or another to locate this new building; you might have to buy the land to put the building on. It is that kind of land we had in mind, mainly.

Now, the present Hatch Act includes the word "land" in its authorization. Land for experiment station plots and farms is not a major problem.

Mr. ABERNETHY. I see.

Now, how did you gentlemen, in counseling and collaborating on this bill arrive at the formula for the distribution of the fund?

Dr. HAWKINS. It is largely based on our experience with the Hatch Act and this formula very closely approximates the present Hatch Act distribution.

Mr. ABERNETHY. Will you differentiate between the two?

Dr. HAWKINS. If I may, let me do that and this, in reverse order.

Mr. ABERNETHY. All right.

Dr. HAWKINS. The formula also was based upon the response to this survey that I referred to earlier, as to needs in the several States. The distribution of needs among the States likewise was largely proportional to what this distribution by formula would accomplish.

Now, to respond more specifically to your question, the Hatch Act funds presently appropriated, which are used primarily for operating program of research in the State stations, are distributed in the main on this formula:

First, 20 percent of funds appropriated under the authorization of the Hatch Act are distributed on an even basis or equally among the States.

Rhode Island, Nevada, Pennsylvania, Texas, North Carolina, each of the other of the 50 States, and including Puerto Rico, draw an equal number of dollars from this first 20 percent of funds appropriated.

The remainder of the funds—may we for purposes of this discussion, Mr. Chairman, omit the regional research fund, or I can clearly bring it in additionally if you want that incorporated in this response?

Mr. ABERNETHY. You just go ahead and state it as you like.

Dr. HAWKINS. All right. I will state specifically the way the law reads, continuing beyond this 20 percent :

Not less than 52 percentum of such sums—I am quoting the law—shall be allotted to each State as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census.

Then not more than 25 percent may be covered into a fund known as Regional Research Fund, State agricultural experiment stations, to be available for work on projects and research important to two or more States, and on projects recommended by a Committee of nine representatives of the State experiment station directors counseling with the Secretary.

Now, I have counted 97 percent.

Mr. ABERNETHY. I was going to ask you about that other three.

Dr. HAWKINS. 3 percent for administration, directly to the Secretary of Agriculture.

Mr. ABERNETHY. I see. This is a little different from that formula.

Dr. HAWKINS. Mr. Chairman: You see, if you take off first. If you go at this in reverse and take off the 3 percent for administration of the Hatch Act, and 25 percent for the regional research, what is left is divided 26 percent, 26 percent, and 20 percent.

That is not far from this third, third and third that we have arrived at in this proposal.

Mr. ABERNETHY. Were there any differences among you as to that, of any kind?

Dr. HAWKINS. Oh, minor differences. The majority of the representatives of the 50 States favored this distribution.

Mr. ABERNETHY. But there is agreement? We will not have any—

Dr. HAWKINS. No; we will have no problem on that; no, sir.

Mr. ABERNETHY. Now go down to line 18 on page 6:

The provision of subsection (b) (2) hereof shall apply only to increase appropriated in a decennium over annual sums appropriated in the last preceding decennium.

what does that mean?

Dr. HAWKINS. That has been taken out of our experience and from the current Hatch Act. That means that changes due to census records of population distribution shall not be retroactive once they have been brought to apply on these funds. Changes shall apply only to appropriation increases following the date of the census.

Mr. ABERNETHY. In other words, you make appropriations under the formula on the basis of, we will say, the 1960 census until 1970.

Dr. HAWKINS. That is correct.

Mr. ABERNETHY. And the only change to be made after 1970 will be on increases in appropriations?

Dr. HAWKINS. That is correct. That is exactly correct; increases beyond the sum totals of what was made——

Mr. ABERNETHY. Is that in keeping with present law, you say?

Dr. HAWKINS. Yes, sir; that is copied word for word from the present law.

Now, incidentally, we suffered an aggravating, I will call it, experience under the Bankhead-Jones Act which first followed a formula distribution. It was the first of the Federal-grant authorizations to be subject to a formula distribution. We suffered quite a difficult experience as a result of the 1940 census.

I do not recall if it still persisted in the 1950 census—I believe it did—in this provision not being there. As a consequence, it was retroactive and went back and made a substantial shift among the States on our then current, on-going program and relating to the sum of funds as had been appropriated earlier; in other words, it became retroactive.

Mr. ABERNETHY. On page 7, line 4, you use the word "payments." By that do you mean grants?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. Grants.

Dr. HAWKINS. Yes, sir; that, too, means grants and it means payment by means of check from the Federal Treasury to the State Agricultural Experiment Station. Hence, the use of the word "payment."

Mr. ABERNETHY. Has it been the practice to use the word "payment"?

Dr. HAWKINS. Yes, sir; that, too, was copied from the Hatch Act.

Mr. ABERNETHY. Line 8:

No State shall receive any payment for any such proposal unless such proposal is approved by the Secretary.

Dr. HAWKINS. That means that every individual structure is considered as a project unto itself, in each State and no such structure—no funds therefor shall go to the State until that proposed structure has met the approval of the Secretary and the Secretary has certified the State to receive payment for construction of it.

Mr. ABERNETHY. Well, I do not know that it will, and on the other hand, I do not know of any other way to handle it except by the approval of the Secretary.

But suppose the Secretary concluded, "Well, I have so many dollars now and I have a scrap here between Oklahoma and Kansas, I may be able to use this a little better, election time is near, and I may be able to use it a little better over in Kansas, or over in Oklahoma."

Do you anticipate anything like that?

Dr. HAWKINS. Well, I entertain no such hopes, Mr. Chairman.

Mr. ABERNETHY. I did not entertain any hope. I just wanted to know if you anticipated it.

Dr. HAWKINS. Excuse me.

Mr. ABERNETHY. I am not speaking of any particular secretary, I am just speaking of the possibility.

Dr. HAWKINS. Yes, sir; I do understand what you mean, and we live in confidence that the intent of this authorization will be followed and that any substantial deviation from it will not have—will not carry with it the kind of incentive to encourage such deviation from the intent of the law.

Mr. ABERNETHY. Here is what concerns me about it. A little further on in this law, you make provision for the use of funds that elapsed.

Dr. HAWKINS. Yes, sir, not claimed.

Mr. ABERNETHY. And funds could be deliberately lapsed, not on the part of the State but on the part of the Secretary, through this particular authority contained in lines 8, 9, and 10, page 7.

Dr. HAWKINS. Well, I would say, Mr. Chairman, our most direct response to your original question on this subject, and you are still holding to your original question, I realize, is that in our now 75 year experience with Federal-grant fund authorization to the States in which this identical provision holds as a mechanism, it has not been abused.

It is identical in the sense that no money is available to the Oklahoma station nor to any other station until the project for which that money is proposed to be used in support has met the approval of the Secretary or his designee. This authorization in that respect, would be identical and parallel and our long experience encourages us and assures us that this provision will not be misused.

Mr. ABERNETHY. Well, I know, but I do not think we have attached to these other provisions of law you refer to any pool funds such as are set forth in this bill.

Dr. HAWKINS. That is right.

Mr. ABERNETHY. In this bill, you have pool funds, where if funds allocated to State A are lapsed and after a certain period of time, they go into a pool and other States then become eligible for the lapsed funds.

Dr. HAWKINS. You are correct in the point that what you have just said is a distinction between the two.

Mr. ABERNETHY. How important do you think this pool fund is?

Dr. HAWKINS. Oh, we do not think it is critically important. We just thought, frankly, that the Congress, once having appropriated funds under this authorization, would rather see those funds continue available until there was every chance of using them.

Mr. ABERNETHY. Now, certainly, the Congress is not going to appropriate the funds unless first there is a justification made for them, and the justification would be based on a facility at X college or colleges.

Dr. HAWKINS. That is correct.

Mr. ABERNETHY. And analyzing lines 8, 9, and 10, along with the pool fund provisions which appear at the bottom of page 7, I just have a feeling that we might improve this bill and eliminate any possibility of chicanery on the part of some people to shift funds from one State to the other. After all, if they use pool funds, they are actually being used for purposes other than for which they were appropriated by the committee.

Dr. HAWKINS. Other than what they were specifically justified to the committee?

Mr. ABERNETHY. That is right.

Dr. HAWKINS. Frankly, we do not anticipate—

Mr. ABERNETHY. I just make this suggestion. I wish you would take a look at that and give me your views on it just a little bit later, if you do not mind.

Dr. HAWKINS. Will do.

Mr. ABERNETHY. Line 9, page 8:

No State shall be eligible in any fiscal year to receive from the pool funds in an amount greater than 50 per centum of such funds or \$500,000, whichever amount is smaller.

I do not know that there is anything good or bad about that, but why is it in here?

Dr. HAWKINS. It is in here for this reason: If, by a surprise to any of us, there would be more than a million dollars accumulate in the pool fund, it was our thought that that should not be too easily available to any one State, that after all, \$500,000 would provide for a \$1 million structure, multiple structures up to \$1 million, and frankly, we thought it best to safeguard against, may I call it, an undue sum of money going to one State in one year under this mechanism.

Hence the \$500,000 ceiling; the provision that every project and every structure would have to stand on its merits would still prevail.

Mr. ABERNETHY. Well, subsection (b) on page 7 states in an available status for 2 fiscal years following the year in which it was appropriated.

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. Then as I understand, the bill would contemplate that once the appropriation was made and no limitation put on it by the Appropriations Committee and the Congress, it would always remain available by going into a pool.

Dr. HAWKINS. No, we have put an end on the pool fund.

Mr. ABERNETHY. Oh, where is that?

Mr. GILES. Line 13, page 8.

Dr. HAWKINS. Yes; that is line 13, page 8; only 1 year in the pool. If not claimed in 1 year, then it would revert to the Treasury.

As a matter of fact, it never would have been removed from the Treasury; it is not a matter of reversion; it would just be covered into the general fund of the Treasury.

Mr. ABERNETHY. Now would you turn to page 10, section 11: "Any agricultural experiment station established by State law and separate from any college or university shall be eligible for benefits under this act in the same manner" and so forth.

I did not know we had any such stations.

Dr. HAWKINS. Yes, sir. This follows, you recognize, the section of definitions, namely, section 3, in which we have defined State agricultural experiment station to mean a department established under direction of a college or university in any State in accordance with an act entitled, and so on. That is known as the Morrill Act.

Now comes this added provision you have just called attention to. I think—is it 2 or 3—Connecticut and Ohio—

Mr. FARRELL. New York and Ohio.

Dr. HAWKINS. For example, New York Agricultural Experiment Station is technically not a part of Cornell University. It is separately established by law. It lives with and on the campus as to head-

quarters of Cornell University, but it is covered under this section 11 and is not covered under section 3.

Then another one is in the State of Connecticut. One associated with the university is at Storrs. The other one is at New Haven, Conn. Both of them receive a division or a portion of the Federal-grant funds under the Hatch Act, which provides that within a State, the division shall be on such basis as the State legislature shall determine.

Here likewise, any division of eligibility would follow the guidance of the State legislature in those two States where this peculiar condition exists.

Mr. ABERNETHY. Well, you partly touched on subsection (b) on page 10, which is as follows:

With respect to any State in which more than one agricultural experiment station has been established, any appropriations allocated for the use of such State pursuant to the provisions of this act shall be divided between or among such institutions as the legislature of such State shall direct.

Now, of course, you have reference to Federal funds.

Dr. HAWKINS. Federal funds only.

Mr. ABERNETHY. We have many States where the State legislatures do not meet every year. You might have an item, you might have a situation where Federal funds have been appropriated. Take my own State. My legislature is in session now. They will be adjourned sometime in the next 2 or 3 months. It will be almost 2 years before they will be back.

Let us say this bill was now the law and an appropriation was made that became law along in July, or June or August of this year. It would be 21 months before the legislature of my State could settle that issue. It just occurs to me that there ought to be some more immediate and certainly a more simple means of settling that than to settle it in the State legislature.

Dr. HAWKINS. Well, Mr. Chairman, you have raised two questions. Let me handle both of them directly.

Mr. ABERNETHY. Could you not have some appropriate individual in each State who might be arbiter of this business?

Dr. HAWKINS. No. Fortunately, this is not as difficult as it seems to be on the face of it.

First, paragraph (b), section 11, page 10, relates only to those two States we enumerated a moment ago—Connecticut and New York.

Mr. ABERNETHY. It does now. But it might not later.

Dr. HAWKINS. Well, in the event there should—OK, currently, it does now.

Now, with respect to the further circumstance which you have described, we believe that is adequately covered in page 7, section 6, paragraph (b), and let me follow your example. Your legislature in the State of Mississippi is in session in the spring of 1962. Continuing your example, the Congress makes an appropriation in the spring of 1962 for this purpose. Now, that cannot be done, of course, because this has not yet been authorized, but if the authorization were last year—money is appropriated by this 2d session of the 87th Congress, spring and summer of 1962. Now, your legislature adjourns in Mississippi; it cannot depend on a Federal appropriation, makes no appropriation in advance in the event there is a Federal appropriation,

adjourns and goes home, or goes somewhere, and will not be back in session until the spring of 1964.

This provision says:

Any unused portion of the allotment of any State for any fiscal year shall remain available, at the option of such State, for payment to such State for a period of not more than 2 fiscal years following the first fiscal year in which such allotment is first made available.

Now, the fiscal year in which the Congress made this available, under the example we are describing, is fiscal 1963.

Mr. ABERNETHY. I see your point.

Dr. HAWKINS. We give you 2 more years after the close of fiscal 1963 to qualify. Now, it would be a minimum, however, for the very reason you say, it would be the minimum time in which Mississippi, under the circumstance described, could qualify with appropriated funds to do the matching job. We had no desire to prolong the time.

Mr. ABERNETHY. As I understand you, though, right now that would be applicable only to the States of New York and Connecticut.

Dr. HAWKINS. No; that is where I said we are talking two different things. New York and Connecticut have two experiment stations created by their legislature and the division between those two experiment stations within the State is a determination of the legislature.

Now, this other thing that you and I are talking about, Mississippi and Oklahoma similarly, except we [Oklahoma Legislature] meet in odd years instead of in even years—this biennial meeting of the legislature and the proposition of qualifying with the matching funds would be true of every State, all the States that met biennially. Those that meet annually could get around to it 1 year earlier than those of us who meet biennially.

Mr. ABERNETHY. Is this section, paragraph (b) of section 11, patterned after something that is already in the law?

Dr. HAWKINS. Yes, sir.

Mr. ABERNETHY. Do you not anticipate that the Congress will make these appropriations available for a specific purpose in a State instead of making a blanket appropriation?

Dr. HAWKINS. I visualize this, Mr. Chairman and members of the committee. I visualize that the justification for whatever sum of money may be requested by the administration on behalf of the States will be made in great detail.

I likewise visualize that it will be astounding if the Congress appropriates the full amount requested, if it is substantial in amount, and that there will have to be, then, a very considerable adjustment in the items for which the moneys actually are used, within the framework of the total justification that previously was made.

Mr. ABERNETHY. Is there not some better way to handle this, rather than to tie it up in the State legislature? I do not have anything against them, but—

Dr. HAWKINS. Mr. Chairman, we are dealing primarily with the matching feature here.

Now, if you approach it on the basis that the matching feature is not warranted and that it be a direct grant of Federal-grant funds, not to be matched necessarily, from non-Federal funds, then we can eliminate all this business that has to deal with the legislature.

If the matching feature, on the other hand, is to be retained, then we will have to give the States a chance to match. And we pretty nearly have to give them a chance to match by means of State appropriations.

If they are going to match through the mechanism of State appropriations, then they have to have a calendar within which they can work and we thought this was the minimum calendar.

Mr. ABERNETHY. That is all.

Are there questions from members of the subcommittee?

Mr. HARVEY. Well, Mr. Chairman—

Mr. ABERNETHY. Mr. Harvey.

Mr. HARVEY. The thing that I have been mulling over in my mind, it seems to me that an emergency type of operation could easily be envisioned so far as it might pertain to personnel. The thing that I have been thinking about since our morning session was how could a program of this kind, with the inevitable timelag that would be bound to occur, fit into an emergency type of provision?

Dr. HAWKINS. Is that question for me, Mr. Chairman?

Mr. ABERNETHY. It certainly was not for me.

Dr. HAWKINS. I thought I heard him address you.

Mr. HARVEY. No.

Dr. HAWKINS. Well, I have a response to it. Let me call on our colleague over here, Dr. Giles from Mississippi, as to the proposition of whether he visualizes we would have to wait this long to meet something of more emergency character.

In other words, Bill, it relates to the-sooner-the-quicker kind of activity rather than the longer the later.

Mr. GILES. No, sir; the problem really is not—we have the pressing need now. I can give you some excellent examples of where we are using makeshift laboratory facilities, where we have Federal people and State people working together on a problem which has regional significance.

Yet if we had this money for the facilities, we could, by planning, develop these facilities that are badly needed now.

Now, your question, I assume, is some emergency need; let us say a new disease or a new insect that was making depredations on crops or livestock.

In this case it seems to me that the pool fund provision here would help take care of this very need. If the pool were there, the money would be available, and here again, of course, we would be dependent upon the State legislature being in session before we could accept this money.

Does this help?

Mr. HARVEY. Well, I am not at all contentions, but I just still cannot quite envision how an emergency proposition in a given State could be met with even the leeway that this would give you.

From the time you would start, obviously it would be 2 years before a facility could be available. From the time you had all concluded or agreed that it was necessary and assuming that everything clicked in the process, it would still be 2 years.

Now, anything that takes 2 years to meet, it seems to me, has passed out of the urgent or the emergency nature. That is just the gist of what I am driving at.

Quite frankly, again, I can see, quite frankly, how a pool of funds for employing additional personnel for an emergency purpose could very well be justified and might be very important.

I do not see how an emergency proposition of this kind for facilities could be handled—as a quickie proposition.

Dr. HAWKINS. Mr. Chairman and members of the committee, I will attempt to elaborate further.

This calendar procedure you will recognize to be a calendar of maximum allowable time, not of minimum requirement. That is to say, these funds from the Federal Treasury would be available immediately the conditions of qualifying for them are met and it is only a proposition, then, on States' side to meet this matching requirement, the sooner the quicker.

Now, if you are going to attempt to move promptly under circumstances where the State requires a longer time to meet the matching fund requirements, you would have to eliminate the matching requirement. If, I say, a State is not in a position to meet the matching requirement and if it is, at best, going to require waiting for the next session of the legislature to meet the matching requirement, obviously, if you want to move faster than that, you would have to relieve or remove the matching requirement.

Actually, we are in a continuing building program to some extent in our respective States. It is probable that many of the States would have certain moneys available with which they could meet the matching requirement promptly and immediately when the Federal-grant funds became available.

This provision of longer term calendar is intended only to cover those conditions that have been described, in which the State would not be in an immediate position to meet the matching requirements.

Mr. HARVEY. Well, when, I said 2 years, I assumed, even under those conditions, that the facts were as you would state them, even if you had Federal approval and had State funds to match with, and had State approval, and proceeded from there in the normal course of letting of contract and then accounting for seasonal dislocations in construction, it would still be 2 years before you would have a given facility ready to use.

That is what I was driving at, and it would not seem to me that you would meet—that any emergency of this kind would be met.

Now, I think, Dr. Hawkins, what you are driving at is this, if this should be carried out on a 10-year basis, a system of priority would probably have to be agreed upon and each State would get, if you divided it fairly evenly among the various States, you would be able to accommodate only about five States each year out of the fund, and hoping in the period of 10 years eventually to get around so that all of them would get some of it.

Now, we will say that your respective States represented here should happen to get priority on the first go-round and, as you originally intended it, some emergency would develop in my State and you fellows would holler to beat heck, you would not want to give up your priority, if you could pacify some complaint in another State.

Is that what you had in mind?

Dr. HAWKINS. Or perhaps, Mr. Harvey, the Research and Extension Subcommittee of the House Subcommittee on Agriculture might

consider the priority as counsel to the Committee on Appropriations for this purpose.

It would be a pretty difficult thing to arrive at, countrywide, would it not?

Mr. HARVEY. That is all, Mr. Chairman.

Mr. ABERNETHY. Are there further questions?

Mr. REIFEL. Mr. Chairman, the colloquy between Dr. Hawkins and the gentleman from Virginia, Mr. Jennings, this morning about amending the Hatch Act to accomplish this: I tried to follow it, and I think I will have to go back to the record later. Do you feel that if this should come up as a proposal or an objection to it, that you have sufficiently stated the situation and reply to it in the record, that you could use it to substantiate supporting this bill, or do you feel that you might need to add something more to what you have already stated to make it a little more clear?

Dr. HAWKINS. Well, I spoke real frankly and, of course, openly and honestly with you this morning. It would clearly rest in the hands of the members of this committee to lead on what would be done to the Hatch Act in the process of amendment, and if this authorization were added as an elaboration to the Hatch Act and the existing provisions of the Hatch Act were not, may I presume to say, tampered with, we would have no objection whatever.

So my response this forenoon on this subject was not a response in principle, it was a response in practice. I think I need not attempt to further strengthen my testimony on that score. I appreciate the opportunity you have given me to do so however. I tried to say this morning and still recognize that it deals with the practice of opening up a law for amendment rather than the principle of could this be accomplished as an amendment to the existing authorization.

Mr. REIFEL. Thank you, Mr. Chairman.

Mr. ABERNETHY. Any questions?

Mr. HAGAN. No questions.

Mr. ABERNETHY. Doctor, we want to thank you and your colleagues for presenting this fine testimony.

Dr. HAWKINS. Mr. Chairman, may I interrupt briefly for just one added comment before we close the testimony, if I may, please?

Mr. ABERNETHY. Yes.

Dr. HAWKINS. This comment further relates to another sort of facility. It is not directly on the very appropriate question that Congressman Harvey brought up a moment ago with respect to priorities.

There is a place, we believe, for regional research facilities where two or more States are concerned with an activity in an area not necessarily nationwide.

The nature of such a facility is such that the matching provision should not be required, because it would be a research laboratory or a facility and a going program to serve across State lines, and therefore the State in which the facility might be so located should not have to match dollar for dollar in order to serve adjacent and neighboring States.

An authorization for that kind of facility does not exist in H.R. 890 as presently worded. We would be interested, and I think favorable to some arrangement whereby such a regional facility could be

installed, but it would be a further new and added section of authorization to anything we have proposed in 890.

Excuse me. The reason I did not—

Mr. ABERNETHY. Well, I thought we had authority for that now. I thought the regional research laboratories were so established.

Dr. HAWKINS. You mean the ones operated by the Federal Government?

Mr. ABERNETHY. Yes, sir.

Dr. HAWKINS. Well, you do have that authority in the Department of Agriculture directly; that is correct.

Now, Mr. Harvey, the reason I did not mention this a moment ago is that it is not quite on the point of your question. That is the reason I did not offer this as a response to your question, because what I have just said really does not bear on promptness and speed of reducing the usually experienced time requirement of getting a building or a facility constructed.

We are grateful to the committee for this opportunity of appearing before you.

Mr. ABERNETHY. We are grateful to you, Doctor, and to all of you. Thank you very much.

I would like to say the members of the committee will all have the privilege of inserting such material, letters and statements as they care to have inserted.

Off the record.

(Off the record.)

Mr. ABERNETHY. Mr. Naden?

STATEMENT OF KENNETH D. NADEN, SECRETARY, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. NADEN. I am Kenneth D. Naden, secretary, National Council of Farmer Cooperatives. I appreciate the opportunity to present the views of this organization on H.R. 890 to this committee.

The National Council of Farmer Cooperatives is a national federation of farmer-owned and farmer-controlled cooperatives marketing and purchasing associations. Our affiliates include 5,700 farmer cooperatives throughout the Nation, serving approximately 3 million farmer memberships. Our member organizations market for their farmer members varying percentages of most commercial farm commodities and purchase for their farmer members their basic production supplies.

FLOW OF NEW TECHNOLOGY INTO AGRICULTURE

Although this bill does not appropriate funds for use of State experiment stations in research work, its effect would be to increase the pressure on the U.S. Department of Agriculture and on the Congress for additional appropriations for this work.

Additional funds for use by State experiment stations means an increase in the flow of new technology into agriculture. New technology has an entirely different meaning, implication and result than it did 50 or even 20 years ago. Therefore, this statement concentrates on some of the implications of the rate of flow of new technology into agriculture in the economic environment of the 1960's, and adjustment

of the types of technology which should have priority treatment to meet the needs of the 1960's.

Two policy statements, approved by the delegates at the 1962 annual meeting of the National Council of Farmer Cooperatives, bear on this subject. They are as follows:

Agricultural production research and extension—research and extension activities in the agricultural and related sciences, coupled with the American farmer's ingenuity in applying its findings, have given this country capacity to produce food and fiber beyond the needs of its own people. This was accomplished with a rapidly declining labor force so that in the past decade output per farmworker rose three times as fast as the output per nonfarmworker. American consumers are now able to get their food requirements at lower cost, in terms of real income, than at any other time in history. The system which produced this result is a great national asset and is one of the principal forces for rapid national economic progress.

National welfare requires that agricultural production research and extension be continued but also requires that farmers should be rewarded more adequately from the fruits of their rising productivity. Production research must be continued in order to maintain the pace of economic progress, to meet future domestic and foreign demands, to maintain competitive standing of products in foreign markets and with synthetic products.

It is essential, however, that the relation of new technological developments to surplus agricultural production be recognized. It is desirable that production research, designed solely to increase output, be matched by and coordinated with market and distribution research designed to increase farm income. Production research should be increasingly focused on the needs of the market so as to expand consumer demand for farm products for a wide range and variety.

We call upon the U.S. Department of Agriculture and land-grant universities to evaluate all production research and extension activities to insure that projects are consistent with and meeting the present-day needs of farmers considered collectively as well as individually.

Centennial of the land-grant university system—on the occasion of the centennial of the establishment of the U.S. Department of Agriculture and the land-grant university system, the National Council of Farmer Cooperatives recognizes the magnificent contribution these institutions have made to the educational standards of American citizens and their unparalleled contribution to national economic progress.

In view of rapidly changing economic and social conditions the national council wishes to commend to land-grant university system for its continuing program of self-examination and self-evaluation of its role in the State and the Nation. These evaluations should recognize the influence of nonfarm forces and the rising complexity of farming operations so that universities can better meet present-day needs of farmers. We urge among other things that the universities achieve better coordination of programs of research, extension, and resident teachings, as well as better coordination between departments conducting these activities. The council also calls on land-grant universities to further emphasize teaching in the fields of agricultural marketing and cooperative marketing, especially for students taking education courses.

Careful evaluation and revision of programs will strengthen the activities of these agencies so they can continue to play an important role in the future. To this end we recommend that the land-grant university system continuously examine its responsibilities to farmers as well as to the general public.

All council members, and especially State councils, are urged to work with their respective land-grant universities to carry out the intent of this resolution.

These policy statements have considerable relevance for the bill H.R. 890 because the funds which may result from this bill are expected to be used to build facilities such as laboratories and offices by which to expand production research.

This will result in an accelerated flow of new production technology into agriculture. Although new technology is a great national asset, the organization of agriculture into relatively small independent units creates a compulsion to produce at fully capacity so that these new techniques result in rapidly rising output. New techniques are among

the most important resources accounting for total agricultural output.

The fact of a great and potentially greater imbalance between total agricultural output and total demand for food and fiber requires that we examine the implications of new technology on agricultural output and agricultural income.

The Congress is now debating, as it has for many years, various proposals for correcting the imbalance between total agricultural output and total demand in order to safeguard and raise farm income. It is important that the public research program for agriculture approved by Congress not be working at cross purposes with the supply adjustment and income protection features of Government programs.

New technologies in agriculture have two main effects—cost reduction and output increases. Most agricultural production research presumes benefit to farmers because of the basic charter of the land-grant universities and the State experiment stations directs their responsibility to farmers as well as to the general public.

This premise of benefit to farmers is being increasingly questioned because of the effects of rising output on income offset the effects of falling cost on income. Given this condition, most of the benefits of new production technology go to consumers rather than to farmers.

We are not suggesting that because of this situation funds for research be curtailed but only that projects and activities be reoriented to meet present-day needs of farmers. Farmers do not need more new techniques designed only to improve physical efficiency and lower costs of productions as much as they need new techniques accompanied by sound recommendations and programs on forms of organization and action which will permit them to retain some of the benefits of these new techniques.

Mr. John D. Black, formerly distinguished professor at Harvard University, in a discussion of society's obligations to farmers, stated:

Fully half of all agricultural research and extension should be along the lines just outlined, in place of somewhere between a sixth and a tenth of it.

As our statement says:

It is desirable that production research, designed solely to increase output, be matched by and coordinated with market and distribution research designed to increase farm income.

Because of the great comparative lag of the latter types, we suggest this deficiency be brought into balance with the former, as the first order of business in agricultural research programs.

We would like to specifically refer again to the sentence in our first policy statement which reads:

We call upon the U.S. Department of Agriculture and the land-grant universities to evaluate all production research and extension activities, to insure that projects are consistent with and meeting the present-day needs of farmers considered collectively as well as individually.

The economic organization and structure of agriculture into millions of separate business units forces rapid exploitation of new techniques in order to seek individual competitive advantage. The rapid dissemination and use of these techniques by all farmers raises output and dissipates the competitive advantage. Hence, in this kind of environment techniques yielding individual advantage may also yield collective disaster.

The two policy statements of this organization quoted earlier were the result of a thorough study of research and educational activities

of the U.S. Department of Agriculture and the land-grant universities by our Committee on Research and Education. A member of that committee, Mr. W. Gordon Leith, secretary, Consumers Cooperative Association, Kansas City, Mo., spoke at our last annual meeting in January 1962 on the subject, "Land-Grant Universities and Cooperatives." This talk has considerable relevance to our evaluation of the activities of State experiment stations. It is requested, Mr. Chairman, that Mr. Leith's talk be entered in the record as a part of this statement.

Mr. ABERNETHY. Off the record.

(Discussion off the record.)

(The statement was not attached.)

Mr. NADEN. To continue:

EVALUATION OF AGRICULTURAL RESEARCH PROGRAMS

Another committee of the House of Representatives is now conducting an evaluation of our public and private agricultural research programs. This evaluation has considerable importance to this proposed bill H.R. 890.

In its report of June 1961, the Agricultural Subcommittee of the House Appropriations Committee requested that a thorough survey including projections for the next 5 years of the program of research of the U.S. Department of Agriculture and the State agricultural experiment stations be conducted.

In a statement, "Purpose and Plan for 1961 Study of Agricultural Research," issued by the U.S. Department of Agriculture, August 1961, in response to this request, there were several indications that this evaluation would be one of the most complete and most comprehensive which had ever been conducted on the activities in this field.

It is our understanding that this report has now been completed and has been presented to the Agricultural Subcommittee of the House Appropriations Committee. We have not seen this report and understand that it is not, at this time, to be released to the public.

Because of the great and pervasive importance of the public research programs now being conducted on agricultural output and farm income, we feel that the public interest will be served by making these evaluations available to the public. Outside appraisals will be helpful in achieving public support for future agricultural research appropriations.

It is our recommendation that action on H.R. 890 should be postponed until thorough study by Congress and the public of the report made to the Appropriations Subcommittee is completed to determine whether or not public agricultural research is achieving its objectives.

Farmers and farm organizations are indebted to and depend upon their State agricultural experiment stations. Farmers need to be reassured that public research is giving them tools which strengthen rather than weaken their ability to earn incomes fairly comparable to nonfarm incomes. This farmer confidence can be maintained by experiment station recognition of the output-raising implications of their research, by recognition of the economic structure and economic environment of agriculture which must accept, use and exploit new techniques, by recognition that adjustment programs of farmers to changing economic conditions must be broader than lowering costs on

farms, by recognition of their responsibility to farmers as well as to the general public, and by more rigid and thorough examination of research projects to insure each meets desirable criteria.

We appreciate the opportunity to present the views of the National Council of Farmers Cooperatives to this committee.

Mr. ABERNETHY. Off the record.

(Discussion off the record.)

Mr. ABERNETHY. I want to say this. I think you make a point that is worthy of consideration. I sometimes agree with it. Sometimes I disagree.

I have to use a local situation to put my point over and to convince myself that maybe your views are not exactly right.

For instance, down in my country, they have a new research laboratory that will be dedicated at Mississippi State University in a few days. Through it we hope to eradicate the boll weevil. That boll weevil costs us a lot of money. This has to do with production research.

On the other hand, in the long run, it will mean the production of cotton, if we get rid of that boll weevil, at much less cost, and that probably will mean that cotton will move on the market at a more competitive price.

The consumer will benefit from it and I think the farmer will benefit.

There are other research efforts of this kind in other sections of the country dealing with other crops. It is not the position of the National Council of Farmer Cooperatives that we just stand still on this type of research, is it?

Mr. NADEN. Absolutely not. Our statement said specifically that production research must be continued, that it has been of great benefit and we would actively support great increases in production research activities, provided they are oriented to make a little more contribution to the current needs of farmers than they have in the past.

Mr. ABERNETHY. Who is going to do that?

Mr. NADEN. Each experiment station and the USDA jointly have review authorities and have review techniques. Every administrator reviews every project before the funds are allocated to it.

There are many, many requests for research projects coming in from many, many sources to the directors of experiment stations and they are placed on a priority list.

Mr. ABERNETHY. If we wait until a report is made on a study by another committee, what is going to be your position then?

Mr. NADEN. I cannot prejudge what will be in that report, Mr. Chairman.

Mr. ABERNETHY. Well, these people who are sponsoring this bill have been waiting on us now for 2 years. They are getting tired.

Mr. NADEN. The information that we have, based on this report I quoted, indicate that it would be an exceedingly exhaustive survey, and we believe that it would be—

Mr. ABERNETHY. Who is making the survey?

Mr. NADEN. The USDA and the experiment stations jointly, I believe, Mr. Chairman.

Mr. ABERNETHY. Well, the USDA has not asked us to hold this up, awaiting that report. I have a feeling that if they thought we should

have, and in their letter which is dated March 5, they would have so suggested.

Are there questions from other members of the committee?

Mrs. MAY. On that point, Mr. Naden, in your statement, you say:

It is our understanding that this report has now been completed.

Mr. NADEN. Yes, ma'am.

Mrs. MAY. I wonder if the chairman has received this report? It is available to another committee of this body, would not it be available to us.

If it is now completed and available to Congress, why would we need a postponement?

Mr. NADEN. The document to which I referred stated that it was scheduled for completion on January 15, 1962, which stated that it was expected a full report would be submitted to the Appropriations Committee of the House of Representatives. Since then, an informal conversation with the chairman of that committee, it is my understanding that he has stated it is now completed.

Mrs. MAY. Mr. Naden, do you have any figures available to you or your organization at this time that would indicate just how much agricultural research is being devoted in the overall national picture to what you would call output-raising research, as compared to other types of research?

Mr. NADEN. No, Mrs. May; we do not have any such figure and I do not think anyone else has any such figure, because these two effects I spoke of are so inextricably woven together that it is very difficult to say this is purely for this effect or this is purely for this effect.

The general opinion I have, based on my own observation and discussion with many people in experiment stations and the studying of countless reports had been that the production-oriented type of research generally far out-distances all other kinds and that this is a logical and natural development which came from the days when we needed more production for its own sake, we needed it to pay our foreign debts to other countries, we needed it to expand the food production for our own people and to contribute to economic progress.

But times have changed since then and the needs are different now than they were then. That is the principal basis for our statement.

Mrs. MAY. I might say I do not think farmers have changed. I think one of the pressures you referred to here (I am sure Mr. Abernethy sees it in his State; he spoke of the boll weevil problem) comes from local pressure on the stations and institutions. It comes from farmers themselves who quite naturally are anxious to combat boll weevils, if it is cotton they are raising. In my area, it might be wheat rust. The very sticky question that comes before us on this is who can judge, who is to determine what is a strictly output increasing type of research? You say yourself, this research is so closely interconnected with disease prevention. For instance, search for a more disease-resistant strain of some important food or fiber commodity, which may be in surplus—is this a product that should be subordinated to other programs?

Mr. NADEN. I believe that the decision need not be based on a purely "black and white" basis. I believe that considerably more emphasis can be given to those which are not so fully output-oriented and go in the other direction.

One example I think of recently, which is badly needed by farmers and which is the result of expressions by farmers is the mechanical harvesting of fruits. You are aware of that in your State as well. Mechanical harvesting of fruits is a great cost-reducing type of invasion and research there would have a much greater impact on the cost-reducing than on the output side, whereas research for new varieties of plants or new hybrid of animals would be much more on the output-producing side.

These are delicate questions which you cannot put in the framework of black or white, but the framework of more or less.

Mrs. MAY. It occurs to me in the example you use, increased research in the area of mechanical picking might very well lead a rancher in my area to double his acreage on apples if he finds through mechanical picking he can handle 80 acres of apples better than he can 40 acres.

Mr. NADEN. The kind of example you give, I think, would be one in which one farmer would expand his output, but it is less likely that the total industry would expand its output. You would be moving in the direction of more efficient handling of larger acreage by one farmer and larger output by one farmer. That is a very good trend in relation to raising of farm income and has less income on output of the total industry than to other examples.

Mrs. MAY. It is still a very fine line to debate here.

Mr. NADEN. Yes, indeed.

Mr. ABERNETHY. Mr. Hagan.

Mr. HAGAN. Mr. Naden, I understand your statement to mean this, in a general way, that in addition to this additional research as provided in this legislation for increased production, you want to be sure that it is research which will better the marketing of the products that are raised?

Mr. NADEN. Yes, sir, that is right.

Mr. HAGAN. What is being done already in that connection? Is there much research being done toward marketing?

Mr. NADEN. Yes; one important move in that direction was the passage of the Hope-Flanagan Act in 1946, which appropriated funds for the USDA and the State experiment stations to improve and expand work in that field. Much of that field has been very beneficial and is continuing.

Mr. HAGAN. No doubt, you have studied that a little more recently and currently than I have, but do you feel that the present research to increase our market for farm products can be improved upon?

Mr. NADEN. I certainly do, yes; greatly.

Mr. HAGAN. And you feel like it should be done in connection with this increased research for production?

Mr. NADEN. Yes; I do. I believe that as production research is oriented to the kind of products people want and need and will sell better in domestic and export markets, it is fully justified in making this contribution to farm income.

The principal thing we are pointing out is more research directed to its responsibility to farmers and not new production research created for its own intellectual curiosity or for its own benefit or to general public benefit.

All of the research work done in experiment stations that I have observed I feel has plenty of justification in terms of general public

good, and much in terms of farmer good. We would like to see more of it directed to specific, nailed down benefit to farmers.

I believe if that kind of a question were asked as a criterion, it would help to answer some of the questions about this.

Mr. ABERNETHY. Mr. Harvey?

Mr. HARVEY. I just wanted to say, Mr. Naden, that I appreciate very much your comments and the thoughts embodied in them.

Mr. NADEN. Thank you.

Mr. HARVEY. I would say, in reference to what Mr. Hagan has just now commented, that we have had the provisions of the Hope-Flanagan Act, which have been utilized almost universally throughout our country, by experiment stations, now, for several years.

In my own instance, in my own State, in discussing this with the directors out there—in fact, I served on the original advisory committee on the Hope-Flanagan Act in my own State—the problems in connection with this particular piece of legislation do not yield readily. We had a little quip which we used out there, in which we said that after many months of study, about all we could say we came up with was a better strawberry box. Well, now, that was not said caustically. It was said as an admission that the problems you have been commenting on are very definitely there and the solution needs to be reached, but that they, like many of the other problems of production, do not yield to quickie results.

I just say, in conclusion, that you have two types of research that are involved here. In my opinion, you have the so-called basic research and you have applied research, and as I have observed, a great deal of the money that is spent in the field of research is in the field of basic research. And that is important. I think it is very important that we continue this field of basic research.

For that reason, I think we will have to say that the amount of money that probably can be profitably spend in the field of applied research for marketing—bear in mind I said be spent profitably—is probably limited.

I just make that as a statement of fact, neither critically nor in any sense downgrading the statements you have made. I just make it as a statement of fact.

Thank you.

Mr. NADEN. It certainly is.

Mr. ABERNETHY. Thank you.

I include a letter from the American Farm Bureau Federation.

(The letter referred to is as follows:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., March 5, 1962.

HON. THOMAS G. ABERNETHY,
Chairman, Subcommittee on Research and Extension, House Agriculture Committee, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN ABERNETHY: Knowing of the limited time you have available to hear outside witnesses before your Research Subcommittee, we are taking the liberty of expressing our views with regard to research in this letter. We respectfully request that this letter be made a part of the hearing record with regard to H.R. 890.

As you are well aware, the American Farm Bureau, together with some 12 or 15 national farm and farm commodity organizations, has been working during the past several years to improve and expand a balanced agricultural research program.

Agricultural research can make major contributions toward (1) expanding markets, (2) increasing farm income, (3) benefiting consumers, and (4) reduc-

ing surpluses, in two important ways: First, by its influence in cutting the costs and improving the methods of producing, marketing, processing, and distributing farm products. Secondly, by its influence on quality and also on new and improved processes and products.

Yet agriculture has failed to obtain an adequate research program. Furthermore, relative to its acute needs and in comparison with the research programs of other Federal agencies—and to those of competing industries—the research effort for agriculture becomes more inadequate each year.

American agriculture today is losing the battle for markets. Without an expanded more effective program of agriculture research, this trend cannot be reversed.

The Federal Government, through its program in the Department of Agriculture and its grants to State experiment stations, has long accepted a basic responsibility for agricultural research. Many important advances in agricultural production efficiency and product quality have come out of these Federal and State research efforts.

Certainly, the State experiment stations continue to play a very important role in agricultural research. The facilities at the State experiment stations by and large are geared to farmers' local problems and are devoted in a major way to solving these problems.

Through the State legislative bodies and the land-grant colleges in each State there has been a steady increase in providing adequate facilities for research at State experiment stations. This should continue to be a State rather than a Federal responsibility.

The control of the agricultural research programs carried on by land-grant colleges should continue to be a responsibility of the States and should include both basic and applied research. One of the real basic strengths of our agricultural research program has been the freedom of action exercised by the State experiment stations in meeting farmers' problems. We would not want anything to interfere with this progress.

As you are well aware, the farm and commodity organizations support your bill, H.R. 889. We think it is necessary to have an independent appraisal of our total agricultural research program if we are to have the kind of balanced research activity designed to meet the problems of farmers. We believe the provisions of your bill offer a device whereby the Congress could get an objective appraisal on the problems and opportunities in agricultural research. The farm bureau strongly supports this legislation.

We believe that the thorough evaluation of our agricultural research program, as provided in H.R. 889, should be completed before approval is given to H.R. 890. This will insure a more long-range balanced research program designed to meet the problems of agriculture.

The Federal appropriations for agricultural research are not adequate to meet the need. For example, in the U.S. Department of Agriculture budget request for fiscal 1963, the increased request for agricultural research is about \$3½ million. With the continued increased cost for research, we are barely holding our own, while industry is increasing its research spending by almost a billion dollars.

On February 28, 1962, the Department of Agriculture released figures indicating that prices paid by farmers had reached an alltime high—1 percent above a year ago. A proper agricultural research program can greatly assist farmers in reducing costs. I am sure you are aware, for example, of the estimates as to what might happen to the cost of producing cotton under an adequate research program.

We appreciate very much your continued interest in this problem and would like to offer our assistance in every way possible in helping develop the best possible answers to our agricultural research problems. We hope you and your subcommittee will give consideration to a full-fledged hearing on the total agricultural research program during this session of Congress so that the farm and commodity groups will have an opportunity to present their views.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

Mr. ABERNETHY. The committee will stand in recess.

(Whereupon, at 3 p.m. the committee recessed, subject to the call of the Chair.)



S. 860

H.R. 3693

TO PROVIDE GREATER PROTECTION AGAINST THE
INTRODUCTION AND DISSEMINATION OF DISEASES
OF LIVESTOCK AND POULTRY, AND FOR OTHER
PURPOSES

H.R. 9886

TO PERMIT UNDER CERTAIN CIRCUMSTANCES FLAX-
SEED TO BE RAISED ON ACREAGE DIVERTED FROM
THE PRODUCTION OF WHEAT

H.R. 10214

TO DEFINE THE TERM "PERSON" OR "PRODUCERS"
UNDER THE 1962 WHEAT AND FEED GRAIN PROGRAMS

H.R. 10330

TO AMEND THE AGRICULTURAL ACT OF 1961

MARCH 19, 1962

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MISCELLANEOUS

MONDAY, MARCH 19, 1962

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
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, Jones, Matthews, Breeding, Purcell, Quie, Short, Latta, and Harvey.

Also present: Representative Reifel; Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John J. Heimburger, counsel.

Mr. POAGE (presiding). The subcommittee will come to order.

The first matter that we have pending this morning is H.R. 3693 by our colleague, Mr. Wright. I understand that Dr. Clarkson is here from the Department. Do you care to make your presentation first, Mr. Wright?

Mr. WRIGHT. Either way, Mr. Chairman.

Mr. POAGE. You may proceed.

(H.R. 3693, together with the letter from the Department dated May 8, 1961, and S. 860, together with the report number 582 follow:)

[H.R. 3693, 87th Cong., 1st sess.]

A BILL To provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as used in this Act unless the context indicates otherwise—

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "animals" means all members of the animal kingdom including birds, whether domesticated or wild, but not including man.

(c) The term "United States" means the States, Puerto Rico, Guam, the Virgin Islands of the United States, and the District of Columbia.

(d) The term "interstate" means from a State or other area included in the definition of "United States" to or through any other State or other such area.

SEC. 2. (a) The Secretary, whenever he deems it necessary in order to guard against the introduction or dissemination of a communicable disease of livestock or poultry, may seize, quarantine, and dispose of, in a reasonable manner taking into consideration the nature of the disease and the necessity of such action to protect the livestock or poultry of the United States: (1) any animals which he finds are moving or are being handled or have moved or have been handled in interstate or foreign commerce contrary to any law or regulation administered by him for the prevention of the introduction or dissemination of any communicable disease of livestock or poultry; (2) any animals which he finds are moving into the United States, or interstate, and are affected with or have been exposed to any communicable disease dangerous to livestock or poultry; and (3) any animals which he finds have moved into the United States, or interstate, and at the time of such movements were so affected or exposed.

(b) Whereas the existence of any extremely dangerous, communicable disease of livestock or poultry, such as foot-and-mouth disease, rinderpest, or European fowl pest, on any premises in the United States would constitute a threat to livestock and poultry of the Nation and would seriously burden interstate and foreign commerce, whenever the Secretary determines that an extraordinary emergency exists because of the outbreak of such a disease anywhere in the United States, and that such outbreak threatens the livestock or poultry of the United States, he may seize, quarantine, and dispose of, in such manner as he deems necessary or appropriate, any animals in the United States which he finds are or have been affected with or exposed to any such disease and the carcasses of any such animals and any products and articles which he finds were so related to such animals as to be likely to be a means of disseminating any such disease: *Provided*, That action shall be taken under this subsection only if the Secretary finds that adequate measures are not being taken by the State or other jurisdiction. The Secretary shall notify the appropriate official of the State or other jurisdiction before any action is taken in any such State or other jurisdiction pursuant to this subsection.

(c) The Secretary in writing may order the owner of any animal, carcass, product, or article referred to in subsection (a) or (b) of this section, or the agent of such owner, to maintain in quarantine and to dispose of such animal, carcass, product, or article in such manner as the Secretary may direct pursuant to authority vested in him by such subsections. If such owner or agent fails to do so after receipt of such notice, the Secretary may take action as authorized by said subsections (a) and (b) and recover from such owner or agent the reasonable costs of any care, handling, and disposal incurred by the Secretary in connection therewith. Such costs shall not constitute a lien against the animals, carcasses, products, or articles involved. Costs collected under this section shall be credited to the current appropriation for carrying out animal disease control activities of the Department.

(d) Except as provided in subsection (e) of this section, the Secretary shall compensate the owner of any animal, carcass, product, or article destroyed pursuant to the provisions of this section. Such compensation shall be based upon the fair market value as determined by the Secretary, of any such animal, carcass, product, or article at the time of the destruction thereof. Compensation paid any owner under this subsection shall not exceed the difference between any compensation received by such owner from a State or other source and such fair market value of the animal, carcass, product, or article. Funds in the Treasury available for carrying out animal disease control activities of the Department of Agriculture shall be used for carrying out this subsection.

(e) No such payment shall be made by the Secretary for any animal, carcass, product, or article which knowingly has been moved or handled by the owner thereof or his agent in violation of a law or regulation administered by the Secretary for the prevention of the interstate dissemination of the communicable disease for which the animal, carcass, product, or article was destroyed or a law or regulation for the enforcement of which the Secretary enters or has entered into a cooperative agreement for the control and eradication of such disease, or for any animal which has moved into the United States contrary to a law or regulation administered by the Secretary for the prevention of the introduction of a communicable disease of livestock or poultry.

SEC. 3. The Secretary, in order to protect the health of the livestock or poultry of the Nation, may promulgate regulations requiring that railway cars; vessels; airplanes; trucks; and other means of conveyance; stockyards; feed, water, and rest stations; and other facilities, used in connection with the movement of animals into or from the United States, or interstate, be maintained in a clean and sanitary condition, including requirements for inspection, cleaning, and disinfection.

SEC. 4. The Secretary is authorized to promulgate regulations prohibiting or regulating the movement into the United States of any animals which are or have been affected with or exposed to any communicable animal disease, or which have been vaccinated or otherwise treated for any such disease, or which he finds would otherwise be likely to introduce or disseminate any such disease, when he determines that such action is necessary to protect the livestock or poultry of the United States.

SEC. 5. Employees of the Department of Agriculture designated by the Secretary for the purpose, when properly identified, shall have authority (1) to stop and inspect, without a warrant, any person or means of conveyance, moving into the

United States from a foreign country, to determine whether such person or means of conveyance is carrying any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for prevention of the introduction or dissemination of any communicable animal disease; (2) to stop and inspect, without a warrant, any person or means of conveyance moving interstate upon probable cause to believe that such person or means of conveyance is carrying any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for the prevention of the introduction or dissemination of any communicable animal disease; and (3) to enter upon, with a warrant, any premises for the purpose of making inspections and seizures necessary under such laws and regulations. Any Federal judge, or any judge of a court of record in the United States, or any United States commissioner, may, within his jurisdiction, upon proper oath or affirmation indicating probable cause to believe that there is on certain premises any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for the prevention of the introduction or dissemination of any communicable animal disease, issue warrants for the entry upon such premises and for inspections and seizures necessary under such laws and regulations. Such warrants may be executed by any authorized employee of the Department of Agriculture.

SEC. 6. (a) Whoever knowingly violates any regulation promulgated pursuant to the provisions of sections 1 through 5 of this Act shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

(b) The Secretary may bring an action to enjoin the violation of, or to compel compliance with, any regulation promulgated or order issued under said sections, or to enjoin any interference by any person with an employee of the Department of Agriculture in carrying out any duties under said sections, whenever the Secretary has reason to believe that such person has violated, or is about to violate, any such regulation or order, or has interfered, or is about to interfere, with any such employee. Such action shall be brought in the United States district court, or the United States court of any territory or possession, for the judicial district in which such person resides or transacts business or in which the violation, omission, or interference has occurred or is about to occur. Process in such cases may be served in any judicial district wherein the defendant resides or transacts business or wherever the defendant may be found, and subpoenas for witnesses who are required to attend the court in any judicial district in any such cases may run into any other judicial district.

SEC. 7. Section 11 of the Act of May 29, 1884 (58 Stat. 734), as amended (21 U.S.C. 114a), is further amended by inserting the words "any communicable diseases of livestock or poultry, including, but not limited to," after the word "eradicate".

SEC. 8. (a) The first section of the Act of March 3, 1905 (33 Stat. 1264), as amended (21 U.S.C. 123), is further amended by striking out the phrase "cattle or other livestock" and inserting in lieu thereof the words "any animals", and by inserting after the word "disease" the words "of livestock or poultry or that the contagion of any such disease exists or that vectors which may disseminate any such disease exists in such State or territory or the District of Columbia".

(b) Sections 2, 3, and 4 of such Act (33 Stat. 1264-1265), as amended (21 U.S.C. 124, 125, 126), are further amended by striking out the phrase "cattle or other livestock" each time such phrase appears in those sections and inserting in lieu thereof the words "quarantined animals."

SEC. 9. The first proviso under the heading "General Expenses, Bureau of Animal Industry" in the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year end June thirtieth, nineteen hundred and fifteen", approved June 30, 1914 (38 Stat. 419), as amended (21 U.S.C. 128), is further amended by striking out the phrase "cattle or other livestock" and inserting in lieu thereof the words "quarantined animals."

SEC. 10. Section 1114 of title 18 of the United States Code is amended by inserting after "wild birds and animals," the following: "any employee of the Department of Agriculture designated by the Secretary of Agriculture to carry out any law or regulation, or to perform any function in connection with any Federal or State program or any program of Puerto Rico, Guam, the Virgin Islands of the United States, or the District of Columbia, for the control or eradication or prevention of the introduction or dissemination of animal diseases."

SEC. 11. The Secretary is authorized to issue such regulations as he deems necessary to carry out the provisions of this Act.

SEC. 12. The authority conferred by this Act shall be in addition to authority conferred by other statutes. Any provision of any other Act inconsistent with the provisions of this Act is hereby repealed.

SEC. 13. If any provision of this Act or application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 8, 1961.

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

MY DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on H.R. 3693, a bill "To provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes."

H.R. 3693 would clarify and strengthen a number of provisions of the animal quarantine laws, which have been enacted from time to time since 1884 to meet particular situations in connection with specific animals, diseases or circumstances. This bill would fill gaps in our animal quarantine laws thus providing our Nation's farmers and ranchers more adequate protection against the introduction and dissemination of livestock and poultry diseases. The Department strongly supports the purposes of H.R. 3693 and recommends its enactment.

The bill would authorize the Secretary of Agriculture to properly dispose of animals which have been brought into this country or moved interstate in violation of a Federal quarantine, or which have been found on such movement to be infected with or exposed to any communicable disease dangerous to livestock or poultry. It would permit the Secretary to act in case of an extreme emergency threatening the livestock or poultry of the United States, such as an unchecked outbreak of foot-and-mouth disease. In addition, the bill would authorize the payment of certain indemnities, the promulgation of necessary regulations in connection with the cleaning and disinfection of conveyances and other facilities, and necessary inspection operations. It would broaden the Secretary's authority to prohibit or regulate the importation of animals to prevent the introduction or spread of livestock or poultry diseases. This bill is designed to make existing programs more effective and to round out the Department's authority to cooperate with the States. Enactment of H.R. 3693 would not require an increase in the Department's appropriation.

There is attached a more detailed analysis and explanation of H.R. 3693 which may be of use to the committee.

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,

CHARLES S. MURPHY, *Acting Secretary.*

[S. 860, 87th Cong., 1st sess.]

AN ACT To provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as used in this Act unless the context indicates otherwise—

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "animals" means all members of the animal kingdom including birds, whether domesticated or wild, but not including man.

(c) The term "United States" means the States, Puerto Rico, Guam, the Virgin Islands of the United States, and the District of Columbia.

(d) The term "interstate" means from a State or other area including in the definition of "United States" to or through any other State or other such area.

SEC. 2. (a) The Secretary, whenever he deems it necessary in order to guard against the introduction or dissemination of a communicable disease of livestock or poultry, may seize, quarantine, and dispose of, in a reasonable manner taking into consideration the nature of the disease and the necessity of such action to protect the livestock or poultry of the United States: (1) any animals which he

finds are moving or are being handled or have moved or have been handled in interstate or foreign commerce contrary to any law or regulation administered by him for the prevention of the introduction or dissemination of any communicable disease of livestock or poultry; (2) any animals which he finds are moving into the United States, or interstate, and are affected with or have been exposed to any communicable disease dangerous to livestock or poultry; and (3) any animals which he finds have moved into the United States, or interstate, and at the time of such movement were so affected or exposed.

(b) Whereas the existence of any extremely dangerous, communicable disease of livestock or poultry, such as foot-and-mouth disease, rinderpest, or European fowl pest, on any premises in the United States would constitute a threat to livestock and poultry of the Nation and would seriously burden interstate and foreign commerce, whenever the Secretary determines that an extraordinary emergency exists because of the outbreak of such a disease anywhere in the United States, and that such outbreak threatens the livestock or poultry of the United States, he may seize, quarantine, and dispose of, in such manner as he deems necessary or appropriate, any animals in the United States which he finds are or have been affected with or exposed to any such disease and the carcasses of any such animals and any products and articles which he finds were so related to such animals as to be likely to be a means of disseminating any disease: *Provided*, That action shall be taken under this subsection only if the Secretary finds that adequate measures are not being taken by the State or other jurisdiction. The Secretary shall notify the appropriate official of the State or other jurisdiction before any action is taken in any such State or other jurisdiction pursuant to this subsection.

(c) The Secretary in writing may order the owner of any animal, carcass, product, or article referred to in subsection (a) or (b) of this section, or the agent of such owner, to maintain in quarantine and to dispose of such animal, carcass, product, or article in such manner as the Secretary may direct pursuant to authority vested in him by such subsections. If such owner or agent fails to do so after receipt of such notice, the Secretary may take action as authorized by said subsections (a) and (b) and recover from such owner or agent the reasonable costs of any care, handling, and disposal incurred by the Secretary in connection therewith. Such costs shall not constitute a lien against the animals, carcasses, products, or articles involved. Costs collected under this section shall be credited to the current appropriation for carrying out animal disease control activities of the Department.

(d) Except as provided in subsection (e) of this section, the Secretary shall compensate the owner of any animal, carcass, product, or article destroyed pursuant to the provisions of this section. Such compensation shall be based upon the fair market value as determined by the Secretary, of any such animal, carcass, product, or article at the time of the destruction thereof. Compensation paid any owner under this subsection shall not exceed the difference between any compensation received by such owner from a State or other source and such fair market value of the animal, carcass, product, or article. Funds in the Treasury available for carrying out animal disease control activities of the Department of Agriculture shall be used for carrying out this subsection.

(e) No such payment shall be made by the Secretary for any animal, carcass, product, or article which knowingly has been moved or handled by the owner thereof or his agent in violation of a law or regulation administered by the Secretary for the prevention of the interstate dissemination of the communicable disease, for which the animal, carcass, product, or article was destroyed or a law or regulation for the enforcement of which the Secretary enters or has entered into a cooperative agreement for the control and eradication of such disease, or for any animal which has moved into the United States contrary to such law or regulation administered by the Secretary for the prevention of the introduction of a communicable disease of livestock or poultry.

SEC. 3. The Secretary, in order to protect the health of the livestock or poultry of the Nation, may promulgate regulations requiring that railway cars; vessels; airplanes; trucks; and other means of conveyance; stockyards; feed, water, and rest stations; and other facilities, used in connection with the movement of animals into or from the United States, or interstate, be maintained in a clean and sanitary condition, including requirement for inspection, cleaning, and disinfection.

SEC. 4. The Secretary is authorized to promulgate regulations prohibiting or regulating the movement into the United States of any animals which are or have been affected with or exposed to any communicable animal disease, or which

have been vaccinated or otherwise treated for any such disease, or which he finds would otherwise be likely to introduce or disseminate any such disease, when he determines that such action is necessary to protect the livestock or poultry of the United States.

SEC. 5. Employees of the Department of Agriculture designated by the Secretary for the purpose, when properly identified, shall have authority (1) to stop and inspect, without a warrant, any person or means of conveyance, moving into the United States from a foreign country, to determine whether such person or means of conveyance is carrying any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for prevention of the introduction or dissemination of any communicable animal disease; (2) to stop and inspect, without a warrant, any person or means of conveyance moving interstate upon probable cause to believe that such person or means of conveyance is carrying any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for the prevention of the introduction or dissemination of any communicable animal disease; and (3) to enter upon, with a warrant, any premises for the purpose of making inspections and seizures necessary under such laws and regulations. Any Federal judge, or any judge of a court of record in the United States, or any United States commissioner, may, within his jurisdiction, upon proper oath or affirmation indicating probable cause to believe that there is on certain premises any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for the prevention of the introduction or dissemination of any communicable animal disease, issue warrants for the entry upon such premises and for inspections and seizures necessary under such laws and regulations. Such warrants may be executed by any authorized employee of the Department of Agriculture.

SEC. 6. (a) Whoever knowingly violates any regulation promulgated pursuant to the provisions of sections 1 through 5 of this Act shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

(b) The Secretary may bring an action to enjoin the violation of, or to compel compliance with, any regulation promulgated or order issued under said sections, or to enjoin any interference by any person with an employee of the Department of Agriculture in carrying out any duties under said sections, whenever the Secretary has reason to believe that such person has violated, or is about to violate, any such regulation or order, or has interfered, or is about to interfere, with any such employee. Such action shall be brought in the United States district court, or the United States court of any Territory or possession, for the judicial district in which such person resides or transacts business or in which the violation, omission, or interference has occurred or is about to occur. Process in such cases may be served in any judicial district wherein the defendant resides or transacts business or wherever the defendant may be found, and subpoenas for witnesses who are required to attend the court in any judicial district in any such cases may run into any other judicial district.

SEC. 7. Section 11 of the Act of May 29, 1884 (58 Stat. 734), as amended (21 U.S.C. 114a), is further amended by inserting the words "any communicable diseases of livestock or poultry, including, but not limited to," after the word "eradicate".

SEC. 8. (a) The first section of the Act of March 3, 1905 (33 Stat. 1264), as amended (21 U.S.C. 123), is further amended by striking out the phrase "cattle or other livestock" and inserting in lieu thereof the words "any animals", and by inserting after the word "disease" the words "of livestock or poultry or that contagion of any such disease exists or that vectors which may disseminate any such disease exist in such State or Territory or the District of Columbia".

(b) Sections 2, 3, and 4 of such Act (33 Stat. 1264, 1265), as amended (21 U.S.C. 124, 125, 126), are further amended by striking out the phrase "cattle or other livestock" each time such phrase appears in those sections and inserting in lieu thereof the words "quarantined animals".

SEC. 9. The first proviso under the heading "General Expenses, Bureau of Animal Industry" in the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fifteen", approved June 30, 1914 (38 Stat. 419), as amended (21 U.S.C. 128), is further amended by striking out the phrase "cattle or other livestock" and inserting in lieu thereof the words "quarantined animals".

SEC. 10. Section 1114 of title 18 of the United States Code is amended by inserting after "wild birds and animals," the following: "any employee of the Department of Agriculture designated by the Secretary of Agriculture to carry

out any law or regulation, or to perform any function in connection with any Federal or State program or any program of Puerto Rico, Guam, the Virgin Islands of the United States, or the District of Columbia, for the control or eradication or prevention of the introduction or dissemination of animal diseases."

Sec. 11. The Secretary is authorized to issue such regulations as he deems necessary to carry out the provisions of this Act.

Sec. 12. The authority conferred by this Act shall be in addition to authority conferred by other statutes. Any provision of any other Act inconsistent with the provisions of this Act is hereby repealed.

Sec. 13. If any provision of this Act or application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

Passed the Senate July 25, 1961.

Attest:

FELTON M. JOHNSTON, *Secretary.*

[S. Rept. 582, 87th Cong., 1st sess.]

ANIMAL QUARANTINE LAWS

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 860) to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

GENERAL PURPOSE OF BILL

This bill, except for minor changes of a technical nature, is identical to S. 864 of last Congress, as passed by the Senate on July 16, 1959. It is designed to close a number of gaps which have shown up in the animal quarantine laws and to clarify authority for certain actions under such laws. Those laws have been enacted from time to time to meet particular situations. They are applicable to specific animals, diseases, or circumstances, and fail to cover, or provide different authority with respect to, other animals, diseases, and circumstances where there is a need for uniform, broad authority. The bill is designed to provide such authority for all cases of like need.

For instance section 11 of the act of May 29, 1884, gives the Secretary certain control and eradication authority with respect to a long list of named diseases. It has been amended from time to time to add additional diseases. The bill would make it applicable to all communicable diseases of livestock or poultry.

Sections 1 through 4 of the act of March 3, 1905, provide quarantine measures for cattle and livestock. The bill would extend these provisions to all animals.

Section 1 of the act of March 3, 1905, authorizes quarantine of any State in which there are diseased livestock. The bill extends section 1 to States in which the contagion, or vectors which may disseminate the disease exist, even though there are no diseased livestock.

Section 2 of the act of February 2, 1903, authorizes the Secretary to seize, quarantine, and dispose of hay, straw, forage, or similar material. Section 2(b) of the bill authorizes the Secretary to seize, quarantine, and dispose of any articles which he finds were so related to certain animals as to be likely to be a means of disseminating disease.

These are but a few examples of the gaps which would be filled by the bill. The bill would increase the Secretary's seizure authority; clarify his authority to restrict imports; increase authority for inspection and for sanitary regulations, and provide injunction authority. The purpose of the bill is to provide adequate safeguards for the protection from disease of our domestic livestock and poultry industry.

DETAILS OF BILL

The bill would—

(1) authorize seizure, quarantine, and disposal of animals—

(A) moved or handled in interstate or foreign commerce contrary to Federal quarantine laws and regulations,

(B) moved into the United States or interstate while affected with or exposed to a communicable disease dangerous to livestock or poultry, or

- (C) affected with or exposed to an extremely dangerous disease creating an extraordinary emergency, but only if State or other authorities are not taking adequate measures (and in such case seizure, quarantine and disposal of carcasses of such animals and contaminated products and articles would also be authorized);
- (2) require payment of indemnity in an amount not exceeding the difference between the fair market value and the compensation received from a State or other source for any animal, product, or article so disposed of, except one moved or handled contrary to certain Federal or State quarantine laws and regulations;
- (3) authorize sanitary regulations for conveyances, stockyards, feed, and other facilities used in connection with moving animals into or from the United States, or interstate;
- (4) authorize regulations restricting or prohibiting importation of animals likely to disseminate disease if necessary to protect domestic livestock or poultry;
- (5) authorize inspection of—
 - (A) persons and conveyances moving into the United States;
 - (B) persons and conveyances moving interstate upon probable cause; and
 - (C) premises with a warrant;
- (6) provide penalties of fine and imprisonment for violation of the regulations under the preceding provisions and authorize enforcement of the preceding provisions and regulations thereunder through injunction;
- (7) extend to all communicable diseases of livestock or poultry the Secretary's authority under section 11 of the act of May 29, 1884, to eradicate named diseases by purchase, destruction, indemnities, and otherwise;
- (8) authorize the quarantine of any State, territory, or the District of Columbia, or any portion thereof, if the contagion of or vectors which may spread, any contagious, infectious, or communicable disease exist therein, and extend the first four sections of the act of March 3, 1905, and the related provision in the act of June 30, 1914, to all animals (instead of livestock and poultry); and
- (9) make it clear that Federal officers performing any function authorized by the Secretary of Agriculture under any Federal or State quarantine program would be covered by laws prohibiting interference with Federal officers.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 8, 1961.

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

MY DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 860, a bill to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes.

Senate bill 860 would clarify and strengthen a number of provisions of the animal quarantine laws, which have been enacted from time to time since 1884 to meet particular situations in connection with specific animals, diseases, or circumstances. This bill would fill gaps in our animal quarantine laws thus providing our Nation's farmers and ranchers more adequate protection against the introduction and dissemination of livestock and poultry diseases. The Department strongly supports the purposes of S. 860 and recommends its enactment.

The bill would authorize the Secretary of Agriculture to properly dispose of animals which have been brought into this country or moved interstate in violation of a Federal quarantine, or which have been found on such movement to be infected with or exposed to any communicable disease dangerous to livestock or poultry. It would permit the Secretary to act in case of an extreme emergency threatening the livestock or poultry of the United States, such as an unchecked outbreak of foot-and-mouth disease. In addition, the bill would authorize the payment of certain indemnities, the promulgation of necessary regulations in connection with the cleaning and disinfection of conveyances and other facilities, and necessary inspection operations. It would broaden the Secretary's authority to prohibit or regulate the importation of animals to prevent the introduction or spread of livestock or poultry diseases. This bill is designed to

make existing programs more effective and to round out the Department's authority to cooperate with the States. Enactment of S. 860 would not require an increase in the Department's appropriation.

There is attached a more detailed analysis and explanation of S. 860 which may be of use to the committee.

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,

CHARLES S. MURPHY, *Acting Secretary.*

ANALYSIS OF S. 860

Section 1

There is no definition of "Secretary" or "animals" in the present animal quarantine laws. There is considerable variation in the descriptions of the animals to which the laws apply.

The present statutes relating to imports and exports refer to the United States and most of those relating to interstate commerce refer to the States, the territories, and the District of Columbia. Section 3 of the act of May 29, 1884, as amended (21 U.S.C. 114) refers to States and territories and section 11 of that act (21 U.S.C. 114a) refers to the States, the District of Columbia, Puerto Rico, and the territories and possessions. The term "territories" has been construed to mean the organized territories such as Puerto Rico, Guam, and the Virgin Islands of the United States. Section 401 of the Tariff Act of 1930, as amended (19 U.S.C. 1401) defines "United States" so as to except the Virgin Islands, Guam, and certain other areas for purposes of the animal quarantine provisions in section 306 of that act (19 U.S.C. 1306).

Section 2

Section 2(a) of the bill confers additional authority to seize, quarantine, and dispose of animals (including poultry) on the basis of their movement or handling contrary to the animal quarantine laws or regulations or on the basis of the movement of the animals into the United States or interstate while affected with or exposed to any communicable disease dangerous to livestock or poultry. Section 2(b) of the bill provides that in case the Secretary determines an extraordinary emergency exists because of the outbreak of an extremely dangerous, communicable disease of livestock or poultry, which threatens the livestock or poultry of the United States, he may seize, quarantine, and dispose of animals (including poultry) affected with or exposed to such disease, and their carcasses and related products and articles. Provision is made for payment of compensation except in certain circumstances. Such compensation would be based on fair market value. The authority of section 2 is not dependent on cooperation of any State or other jurisdiction or organization or individual.

Under section 11 of the act of May 29, 1884, as amended (21 U.S.C. 114a) the Secretary is authorized, either independently or in cooperation with States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States, certain organizations, and individuals, to control and eradicate specified diseases of animals (including poultry), incipient or potentially serious minor outbreaks of animal diseases, and contagious or infectious diseases of animals which are deemed to constitute an emergency and threaten the livestock industry, including the payment of claims growing out of the destruction of animals (including poultry), and of materials, affected by or exposed to any such disease. This section contemplates a program in which participation by the owner of the animals and materials is voluntary so far as the Federal Government is concerned.

Section 8 of the act of August 30, 1890 (21 U.S.C. 103), authorizes the Secretary to slaughter any ruminants or swine imported into the United States which are adjudged to be infected with any contagious disease or to have been exposed to infection so as to be dangerous to other animals, and to pay the value of exposed animals so slaughtered to the owners thereof, except that no payment may be made for animals imported in violation of the act.

Paragraph (c) of section 306 of the Tariff Act of 1930, as amended (19 U.S.C. 1306) authorizes the Secretary to prescribe in regulations the terms and conditions for the destruction of ruminants and swine and meat thereof offered for entry from a country where foot-and-mouth disease or rinderpest exists and refused admission into the United States, unless such animals and meat are exported by the consignee within the time fixed therefor in the regulations. Sec-

tion 306 also authorizes seizure and disposal of zoo animals allowed entry under its provisions and thereafter not handled as required under the section.

Under section 2 of the act of February 2, 1903, as amended (21 U.S.C. 111), the Secretary is authorized to seize, quarantine, and dispose of hay, straw, forage, or similar material, or any animal products, being imported or moving interstate, in order to guard against the introduction or spread of the contagion of disease.

Section 3

The Secretary has authority under sections 4 and 5 of the act of May 29, 1884, as amended, section 10 of the act of August 30, 1890, and the act of February 2, 1903, as amended (21 U.S.C. 105, 111, 112, 113, 120) to require the cleaning and disinfecting of means of conveyance and facilities to prevent the dissemination of communicable diseases of livestock and poultry into or from the United States or interstate. The authority contained in section 3 of the bill would provide additional protection of the general health of livestock and poultry.

Section 4

Section 306 of the Tariff Act of 1930, as amended (19 U.S.C. 1306) prohibits the importation of cattle, sheep, other ruminants and swine, and fresh, chilled, or frozen meat of such animals, from countries where foot-and-mouth disease or rinderpest is determined by the Secretary to exist. Under section 9 of the act of August 30, 1890 (21 U.S.C. 101) the President is authorized to suspend by proclamation the importation of all or any class of animals for a limited time when in his opinion such action is necessary for the protection of animals in the United States against contagious diseases, and to change, revoke, or renew such proclamation as the public good may require. The Secretary has some authority under the 1890 act and the act of February 2, 1903, as amended, to regulate imports of animals but clarification and extension of his authority in this field is deemed necessary for adequate protection against dissemination of livestock and poultry diseases.

Section 5

Section 5 of the bill has no counterpart in existing animal quarantine legislation but is similar to provisions in section 107 of the Federal Plant Pest Act (7 U.S.C. 150ff).

Section 6

Section 6 of the bill provides criminal penalties similar to those provided in section 3 of the act of February 2, 1903, as amended and section 6 of the act of March 3, 1905, as amended (21 U.S.C. 122, 127). In addition section 6 provides for injunctive enforcement procedures.

Section 7

Section 7 of the bill would amend section 11 of the act of May 29, 1884, as amended (21 U.S.C. 114a) to authorize the Secretary to control and eradicate any communicable disease of livestock or poultry instead of only the diseases now specified in said section 11.

Section 8

The first section of the act of March 3, 1905, as amended (21 U.S.C. 123) authorizes the Secretary to quarantine any State or territory or the District of Columbia, or any portion thereof, when he determines that livestock or poultry in such State, territory, or District are affected with any communicable disease. Section 8(a) of the bill would amend this section of the 1905 act to authorize the Secretary to so quarantine when he determines that any animals or poultry in such State, territory, or District are affected with a communicable disease of livestock or poultry or that the contagion of any such disease exists or that vectors which may disseminate any such disease exist in such State, territory, or District.

Section 2 of the 1905 act prohibits the delivery and receipt for transportation interstate, and the interstate movement, from an area quarantined under the first section of the act, of livestock or poultry except as provided in section 4 of the act. Section 3 of the act authorizes the Secretary to promulgate regulations permitting and governing the interstate movement of livestock or poultry from such a quarantined area. Section 4 of the act permits the interstate movement of livestock or poultry from such a quarantined area under the regulations of the

Secretary. Section 8(b) of the bill would amend these provisions of the 1905 act to make them applicable to any animals or poultry quarantined under the first section of the bill.

Section 9

This provision in the Department's Appropriation Act approved June 30, 1914, as amended, provides that the 1905 act shall apply to any common carrier whose road or line forms any part of a route over which livestock or poultry are transported in the course of interstate shipment from a quarantined area. Section 9 of the bill would amend this provision of the Appropriation Act to make it consistent with the 1905 act as amended by the bill.

Section 10

Section 10 of the bill would specifically include the departmental employees performing the designated functions within the protection afforded certain Federal employees against assaults, other interferences, and homicide under sections 111 and 1114 of title 18, United States Code.

Section 11

Section 11 would authorize the issuance of regulations deemed necessary to carry out the provisions of the bill.

Section 12

Section 12 of the bill expresses the relation of the bill to other laws.

Section 13

Section 13 of the bill contains the usual savings provision in case of invalidation of the act in any respect.

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) :

SECTION 11 OF THE ACT OF MAY 29, 1884 (21 U.S.C. 114a)

§ 114a. Control and eradication of diseases; cooperation of States and farmers' associations; purchase and destruction of diseased animals; definition of State.

The Secretary of Agriculture, either independently or in cooperation with States or political subdivisions thereof, farmers' associations and similar organizations, and individuals, is authorized to control and eradicate *any communicable diseases of livestock or poultry, including, but not limited to, tuberculosis and paratuberculosis of animals, avian tuberculosis, brucellosis of domestic animals, southern cattle ticks, hog cholera and related swine diseases, scabies in sheep and cattle, dourine in horses, scrapie and blue tongue in sheep, incipient or potentially serious minor outbreaks of diseases of animals, and contagious or infectious diseases of animals (such as foot-and-mouth disease, rinderpest, and contagious pleuropneumonia)* which in the opinion of the Secretary constitute an emergency and threaten the livestock industry of the country, including the payment of claims growing out of destruction of animals (including poultry), and of materials, affected by or exposed to any such disease, in accordance with such regulations as the Secretary may prescribe. As used in this section, the term "State" includes the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

SECTIONS 1 THROUGH 4 OF THE ACT OF MARCH 3, 1905 (21 U.S.C. 123, 124, 125 AND 126)

§ 123. Quarantine.

The Secretary of Agriculture is authorized and directed to quarantine any State or Territory or the District of Columbia, or any portion of any State or Territory or the District of Columbia, when he shall determine the fact that **[cattle or other livestock]** *any animal and/or live poultry in such State or Territory or District of Columbia are affected with any contagious, infectious, or*

communicable disease of livestock or poultry or that the contagion of any such disease exists or that vectors which may disseminate any such disease exist in such State or Territory or the District of Columbia; and the Secretary of Agriculture is directed to give written or printed notice of the establishment of quarantine to the proper officers of railroad, steamboat, or other transportation companies doing business in or through any quarantined State or Territory or the District of Columbia, and to publish in such newspapers in the quarantined State or Territory or the District of Columbia, as the Secretary of Agriculture may select, notice of the establishment of quarantine.

§ 124. Transportation or delivery therefor from quarantine State or Territory or portion thereof, of livestock and live poultry, forbidden.

No railroad company or the owners or masters of any steam or sailing or other vessel or boat shall receive for transportation or transport from any quarantined State or Territory or the District of Columbia, or from the quarantined portion of any State or Territory or the District of Columbia, into any other State or Territory or the District of Columbia, any [cattle or other livestock] *quarantined animals*, and/or live poultry, except as hereinafter provided; nor shall any person, company, or corporation deliver for such transportation to any railroad company, or to the master or owner of any boat or vessel, and [cattle or other livestock] *quarantined animals* and/or live poultry, except as hereinafter provided; nor shall any person, company, or corporation drive on foot, or cause to be driven on foot, or transport in private conveyance or cause to be transported in private conveyance, from a quarantined State or Territory or the District of Columbia, or from the quarantined portion of any State or Territory or the District of Columbia, into any other State or Territory or the District of Columbia, any [Cattle or other livestock] *quarantined animals* and/or live poultry, except as hereinafter provided.

§ 125. Regulations for inspection, disinfection, and certification, and delivery and shipment of livestock and live poultry from quarantined State or Territory.

It shall be the duty of the Secretary of Agriculture, and he is authorized and directed, when the public safety will permit, to make and promulgate rules and regulations which shall permit and govern the inspection, disinfection, certification, treatment, handling, and method and manner of delivery and shipment of [cattle or other livestock] *quarantined animals* and/or live poultry from a quarantined State or Territory or the District of Columbia, and from the quarantined portion of any State or Territory or the District of Columbia, into any other State or Territory or the District of Columbia; and the Secretary of Agriculture shall give notice of such rules and regulations in the manner provided in section 124 of this title for notice of establishment of quarantine.

§ 126. Moving livestock and live poultry from quarantined State or Territory, under regulations.

[Cattle or other livestock] *Quarantined animals* and/or live poultry may be moved from a quarantined State or Territory or the District of Columbia, or from the quarantined portion of any State or Territory or the District of Columbia, into any other State or Territory or the District of Columbia, under and in compliance with the rules and regulations of the Secretary of Agriculture, made and promulgated in pursuance of the provisions of section 125 of this title; but it shall be unlawful to move, or to allow to be moved, any [cattle or other livestock] *quarantined animals* and/or live poultry from any quarantined State or Territory or the District of Columbia, or from the quarantined portion of any State of Territory or the District of Columbia, into any other State or Territory or the District of Columbia, in manner or method or under conditions other than those prescribed by the Secretary of Agriculture.

THE FIRST PROVISIO UNDER THE HEADING "GENERAL EXPENSES, BUREAU OF ANIMAL INDUSTRY" IN THE ACT ENTITLED "AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE FOR THE FISCAL YEAR ENDING JUNE THIRTIETH, NINETEEN HUNDRED AN FIFTEEN" (21 U.S.C. 128)

§ 128. Extension of quarantine law to carriers in interstate commerce.

The provisions of sections 123-127 of this title shall apply to any railroad company or other common carrier whose road or line forms any part of a route over which [cattle or other livestock] *quarantined animals* and/or live poultry

are transported in the course of shipment from any quarantined State or Territory or the District of Columbia, or from the quarantined portion of any State or Territory or the District of Columbia, into any other State or Territory or the District of Columbia.

TITLE 18, UNITED STATES CODE

§ 111. Assaulting, resisting, or impeding certain officers or employees.

Whoever forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person designated in section 1114 of this title while engaged in or on account of the performance of his official duties, shall be fined not more than \$5,000 or imprisoned not more than three years, or both.

Whoever, in the commission of any such acts uses a deadly or dangerous weapon, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.

§ 1114. Protection of officers and employees of the United States.

Whoever kills any judge of the United States, any United States Attorney, any Assistant United States Attorney, or any United States marshal or deputy marshal or person employed to assist such marshal or deputy marshal, any officer or employee of the Federal Bureau of Investigation of the Department of Justice, any post-office inspector, any officer or employee of the secret service or the Bureau of Narcotics, any officer or enlisted man of the Coast Guard, any officer or employee of any United States penal or correctional institution, any officer, employee or agent of the customs or of the internal revenue or any person assisting him in the execution of his duties, any immigration officer, any officer or employee of the Department of Agriculture or of the Department of the Interior designated by the Secretary of Agriculture or the Secretary of the Interior to enforce any Act of Congress for the protection, preservation, or restoration of game and other wild birds and animals, *any employee of the Department of Agriculture designated by the Secretary of Agriculture to carry out any law or regulation, or to perform any function in connection with any Federal or State program or any program of Puerto Rico, Guam, the Virgin Islands of the United States, or the District of Columbia,* for the control or eradication or prevention of the introduction or dissemination of animal diseases, any officer or employee of the National Park Service, any officer or employee of, or assigned to duty in, the field service of the Bureau of Land Management, any employee of the Bureau of Animal Industry of the Department of Agriculture, or any officer or employee of the Indian field service of the United States, or any officer or employee of the National Aeronautics and Space Administration directed to guard and protect property of the United States under the administration and control of the National Aeronautics and Space Administration, while engaged in the performance of his official duties, or on account of the performance of his official duties, shall be punished as provided under sections 1111 and 1112 of this title.

STATEMENT OF HON. JAMES C. WRIGHT, JR., A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS

Mr. WRIGHT. Mr. Chairman and members of the committee, H.R. 3693 was introduced by me last year, in response to suggestions that had been made to me by representatives of the American Cattlemen's Association and of the National Wool Grower's Association. Both of those groups have pointed out that there exist presently in the animal quarantine and inspection laws some potentially dangerous loopholes and gaps. The aim of this bill is to plug up those loopholes and to give to the Secretary of Agriculture authority to inspect, quarantine, and in some cases dispose of animals which have been exposed to dangerous communicable animal diseases.

From time to time, since 1884, the Congress has enacted specific and particular bits of legislation aimed at the control and eradication of certain specific animal diseases, particularly, such diseases as rin-

derpest and foot-and-mouth disease. Now, however, the Department of Agriculture points out that there is a need to draw together in one bill the inspection and quarantine rights, so that they would apply to all dangerous communicable animal diseases that could infect and infest the livestock industry in the country to the detriment of all those in the industry.

The committee will recall that at the time I appeared last year it was remarked that in the previous year, our colleague, Mr. Fisher, of Texas, had presented such a bill, and that certain questions had been raised with regard to that bill as to whether it broadened too greatly the powers of the Secretary of Agriculture to the extent of impinging upon the rights and freedoms of people transporting and selling livestock. The question was asked of me as to whether this present bill had adequately compensated for the objections that had been made to that earlier bill.

At that time I was not prepared to give a careful section-by-section analysis of the restrictions that had been placed, pursuant to those objections by members of this committee, upon the powers of the Secretary of Agriculture, but I believe now that I am able to do so. If the members of the committee will bear with me briefly I would like to give you a section-by-section analysis of the bill in order that we might discuss those particular matters with specific reference to the restrictions that are imposed in this bill upon the exercise of the powers of the Secretary of Agriculture.

Beginning with the definitions in the very first part of the bill, what we are doing is simply broadening the scope of the quarantine and inspection authorities of the Secretary and the Department of Agriculture so as not to restrict them to specific diseases. For instance, we have discovered recently that African swine fever and African parasites have escaped from the former epidemic areas of Africa, and that they are potentially extremely dangerous. The annual loss from diseases and parasites of all kinds to the animals and poultry in the United States comes to some \$2,700 million annually. So we seek, in the definitions, to give to the Department of Agriculture the same powers they have had in the past over specific and restricted animal diseases, so that they will apply to all dangerous communicable animal diseases that could threaten the livestock industry of the United States.

Section 2 conveys to the Secretary, when he deems it necessary in order to guard against the introduction or dissemination of a communicable disease of livestock or poultry, the right to seize or quarantine and dispose of in a reasonable manner, taking into consideration the nature of the disease and the necessity of such action to protect the livestock and poultry of the United States:

(1) any animals which he finds are moving or are being handled or have moved or have been handled in interstate or foreign commerce contrary to any law or regulation administered by him for the prevention of the introduction or dissemination of any communicable disease of livestock or poultry; (2) any animals which he finds are moving into the United States, or interstate, and are affected with or have been exposed to any communicable disease dangerous to livestock or poultry; and (3) any animals which he finds have moved into the United States, or interstate, and at the time of such movements were so affected or exposed.

Subsection (b) of section 2 gives him powers when he determines that an extraordinary emergency exists—

because of the outbreak of such a disease anywhere in the United States—

and when he finds that such an outbreak threatens the livestock or the poultry of the country to—

seize, quarantine and dispose of, in such manner as he deems necessary or appropriate, any animals in the United States which he finds are or have been affected with or exposed to any such disease and the carcasses of any such animals and any products and articles which he finds were so related to such animals as to be likely to be a means of disseminating any such disease.

However, there is a provision at the end of subsection (b) which confers upon him the responsibility to cooperate with the States. This acts as a restriction upon his authorities in that it is—

provided, that action shall be taken under this subsection only if the Secretary finds that adequate measures are not being taken by the State or other jurisdiction.

And even then the Secretary is required to notify the appropriate official of the State or other jurisdiction before any action is taken in such State or jurisdiction.

Now subsection (c) provides that—

the Secretary in writing may order the owner of any animal, carcass, product, or article referred to in subsection (a) or (b) of this section, or the agent of such owner, to maintain in quarantine and to dispose of such animal, carcass, product or article in such manner as the Secretary may direct pursuant to authority vested in him by such subsections.

Subsection (d) requires the Department of Agriculture to compensate—

the owner of any animal, carcass, product or article destroyed pursuant to the provisions of this section,

with one exception only, wherein it states:

such compensation shall be based upon the fair market value as determined by the Secretary of any such animal, carcass, product or article at the time of the destruction thereof.

Subsection (e) describes the only exception to that requirement that the owner be compensated, and that exception applies only as described in subsection (e), which provides—

no such payment shall be made by the Secretary for any animal, carcass, product or article which knowingly has been moved or handled by the owner thereof or his agent in violation of a law or regulation administered by the Secretary for the prevention of the interstate dissemination of the communicable disease for which the animal, carcass, product or article was destroyed or a law or regulation for the enforcement of which the Secretary enters or has entered into a cooperative agreement for the control and eradication of such disease, or for any animal which has moved into the United States contrary to a law or regulation administered by the Secretary for the prevention of the introduction of a communicable disease of livestock or poultry.

Section 3 permits the Secretary to promulgate regulations of a sanitary character for means of conveyance and facilities handling these animals, railway cars, airplanes, trucks, and other means of conveyance, stockyards, feed, water and rest stations and other facilities.

Section 4 is a regulation which prohibits importing. It permits the Secretary to promulgate regulations prohibiting or regulating the importing into the United States of animals which are found to have

been affected with or exposed to these dangerous communicable diseases.

Section 5 may have been a point of controversy in the earlier bill. It allows the Department to stop and inspect animals moving into the United States and into interstate commerce.

Now subsection (1) allows the Department of Agriculture—

to stop and inspect, without a warrant, any person or means of conveyance, moving into the United States from a foreign country, to determine whether such persons or means of conveyance is carrying any animal, carcass, product or article regulated or subject to disposal under any law or regulation administered by the Secretary for prevention of the introduction or dissemination of any communicable animal disease.

And subsection (2) of section 5 allows him—

to stop and inspect, without a warrant, any person or means of conveyance moving interstate upon probable cause to believe that such person or means of conveyance is carrying any animal, carcass, product, or article regulated or subject to disposal under any law or regulation administered by the Secretary for the prevention of the introduction or dissemination of any communicable animal disease.

And then subsection (3) of section 5 allows him—

to enter upon, with a warrant, any premises for the purpose of making inspections and seizures necessary under such laws and regulations.

And section 6 provides penalties for knowing violations with a fine not exceeding \$1,000 or imprisonment not exceeding 1 year.

Section 6(b) grants the Secretary some injunctive powers that the Department has not heretofore had. He can bring an action to enjoin the violation of any regulations entered into pursuant to this act or can enjoin any interference by any person with an employee of the Department of Agriculture in carrying out the duties conferred upon him by this act.

Section 7 simply broadens the prohibited diseases under the law, as I mentioned a moment ago, by amending the old act so as to insert the words, "any communicable disease of livestock or poultry, including, but not limited to," after the word "eradicate."

Section 8 similarly broadens the scope of the law as to animals affected. Heretofore, there has been some question as to just which animals were involved in the quarantine laws. Poultry, for instance, have been in a field of question, but in this case it makes it clear that it is to apply to livestock or poultry, or that the contagion of any disease exists, or vectors which may disseminate any such disease exists in such State or territory or the District of Columbia. And we would hark back to the very first page, where the definition, under subsection (b) defines, "the term 'animals' to mean all members of the animal kingdom including birds, whether domesticated or wild, but not including man"—which is some consolation to us.

The rest of the act is primarily technical. Section 9 similarly broadens the language of the old act so as to refer to quarantined animals.

Section 10 makes it clear that it does apply in the territories of the United States, in some of which the old act did not apply.

Section 11 allows the Secretary to issue regulations for carrying out the provisions of the act. And sections 12 and 13 are the usual savings clauses contained in all such legislation.

Mr. POAGE. Thank you very much, Mr. Wright. I do not know how far we ought to go in asking questions at this time. We have Dr. Clarkson here to testify.

I would call your attention to one or two things which seem to me still need attention. There may be no harm in it, but this bill still contains the words "extremely dangerous." No one on earth so far has ever explained to us what "extremely dangerous" was. Those were the words in the old bill.

It seems to me to be sort of a rather useless type of use of words. "Extremely dangerous" has no different meaning from "dangerous," does it?

Mr. WRIGHT. Only in degree.

Mr. POAGE. It has no legal difference at all.

Mr. WRIGHT. I would think not legally at all.

Mr. POAGE. I do not think it has.

Mr. WRIGHT. It is a question of semantics.

Mr. POAGE. I think so.

Mr. WRIGHT. I am sure that the chairman is not antisemantic.

Mr. POAGE. The committee did not like it the last time, and I can see no use of the word.

Mr. WRIGHT. I think that there would be no objection to removing it, to removing any superfluous or redundant language.

Mr. POAGE. On page 5 there is a provision which states:

No such payment shall be made by the Secretary for any animal, carcass, product or article which knowingly has been moved or handled by the owner thereof or his agent in violation of a law or regulation administered by the Secretary.

The only fear I have is that a man might move an animal not knowing it was infected with hoof-and-mouth disease or some other dangerous disease but, of course, knowing that he was moving it. It has been my opinion that that is not exactly right. The owner then might not know what someone else knew. And then the Government comes in and confiscates the cattle and disposes of them.

I am just wondering whether or not that man would get compensated under this wording. They have been moved—knowingly moved, but possibly without any knowledge that they had a disease.

I think the bill clearly intends to limit this to the situations where the present owner does those acts. That present owner could not receive compensation—or anyone who knowingly did these things. I think that is the intention of it clearly, but is it defined in that way?

Mr. WRIGHT. That is my intention, Mr. Chairman. I am sure that it would be the intention of the committee. And I would certainly hope that it would be the intention of the Department. I would certainly be amenable to either of two means of making this abundantly clear; either to spell it out in the committee report that accompanies the bill so that innocent purchasers are not to be discriminated against, or to revise, if the committee in its wisdom so desires, the language contained in subsection (e) on page 5 so as to make it read that no such payment shall be made by the Secretary for any animal, carcass, product or article to any person who has knowingly moved or handled.

Mr. POAGE. That is what I think we ought to do. I think that is in line with what is intended here.

Mr. Murray, will you make a note of that?

Mr. MURRAY. Yes, sir.

Mr. POAGE. And get the correct language in there.

There is one final item that I would like to question. This bill does not provide any authority for an appropriation. Maybe the existing law gives general authority for appropriations of that kind—maybe it is there. You provide for the compensation of owners, but unless you provide some funds from which to make the payment, that is not very helpful to them unless somebody can provide the money for it.

Mr. WRIGHT. Mr. Chairman, I think that there is something on that in the bill.

Mr. POAGE. There may be general authority.

Mr. WRIGHT. At the bottom of page 4 it states:

Compensation paid any owner under this subsection shall not exceed the difference between any compensation received by such owner from a State or other source and such fair market value of the animal, carcass, product or article.

On line 23 it states:

Funds in the Treasury available for carrying out animal disease control activities of the Department of Agriculture shall be used for carrying out this subsection.

Presumably, I should think you might want to question the representatives of the Department in this regard, whether they feel that existing authority for appropriations under the present existing quarantine laws is adequate. I should think they would be more authoritative in that regard than I would be.

Mr. POAGE. Thank you for a very fine statement.

Mr. QUIE?

Mr. QUIE. Just one question.

Is Senate bill S. 860 the same as this?

Mr. WRIGHT. Senate 860 is very similar to this. Whether it is in fact identical I am not absolutely certain. As you know, there was a Senate bill which passed the Senate in 1960.

Mr. QUIE. Did S. 860 pass the Senate?

Mr. WRIGHT. I am not certain that it passed the Senate this year.

Mr. QUIE. Could I ask Dr. Clarkson?

Mr. WRIGHT. They state that it passed the Senate.

Dr. CLARKSON. So far as we know it is identical except for one typographical change which the clerk of the committee has in hand.

Mr. QUIE. Thank you. That is all.

Mr. SHORT. Mr. Chairman, may I speak off the record?

Mr. POAGE. Yes.

(Discussion off the record.)

Mr. POAGE. Back on the record.

Mr. SHORT. Does this authority give the department official who is not an officer of the law authority to stop the vehicle which he suspects may be carrying livestock?

Mr. WRIGHT. I think that is the purpose of this section. I believe that it does adequately convey this authority to him in that it states that the employees of the Department of Agriculture, designated by the Secretary for the purpose, when properly identified shall have authority to stop and inspect in two instances without a warrant.

Mr. SHORT. I am referring to the second one.

Mr. WRIGHT. Yes; the first being movement in the United States from foreign countries, in which case they would pose as, under this act, if it were enacted, the authority to stop, upon identifying them—

selves, any vehicle without the presentation of a warrant to inspect the animals moving into this country.

Secondly, this bill would confer upon such representatives of the Department designated to carry out this function of the law the authority to stop, without a warrant, any movement in interstate when they have probable cause to believe that such person or conveyance is carrying an animal that has been affected or exposed.

I know the purpose of this is to confer upon them those authorities which heretofore have been cloudy under certain laws. Whether, in fact, it is adequate I do not know. I presume that it is and believe that it is.

Mr. SHORT. Thank you.

Mr. POAGE. Are there any further questions?

Mr. MATTHEWS. I would just like to tell Mr. Wright that I am sorry that I missed all of his testimony. I am inclined to vote for his bill without that, however.

Mr. WRIGHT. Thank you.

Mr. POAGE. If there are no further questions of Mr. Wright, we are very much obliged to you, Mr. Wright.

Dr. Clarkson, will you make your statement now?

**STATEMENT OF DR. M. R. CLARKSON, ASSOCIATE ADMINISTRATOR;
ACCOMPANIED BY DR. J. M. HEJL, ASSOCIATE DIRECTOR, ANIMAL
QUARANTINE DIVISION; AND S. P. LEJKO, ASSISTANT TO THE
ADMINISTRATOR, ARS, U.S. DEPARTMENT OF AGRICULTURE**

Dr. CLARKSON. I have a very brief statement, but, following the discussion by Congressman Wright, I believe that it would be sufficient to file it for the record.

Mr. POAGE. Without objection, your statement will be made a part of the record at this point, and we will proceed with questions if there are any.

(The prepared statement of Dr. M. R. Clarkson, Associate Administrator, Agricultural Research Service, with analysis of H.R. 3693, is as follows:)

**STATEMENT BY M. R. CLARKSON, ASSOCIATE ADMINISTRATOR, AGRICULTURAL
RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE**

Mr. Chairman and members of the committee, we are pleased to have the opportunity to discuss with you identical bills H.R. 3693 and S. 860 which would provide greater protection against the introduction and dissemination of livestock and poultry diseases.

The Department strongly supports the purposes of this legislation and recommends its enactment.

The legislation would clarify and strengthen a number of provisions of the animal quarantine laws, which have been enacted from time to time since 1884 to meet particular situations in connection with specific animals, diseases, or circumstances. It would fill gaps in our animal quarantine laws and thus provide our Nation's farmers and ranchers more adequate protection against the introduction and dissemination of livestock and poultry diseases.

It would authorize the Department to properly dispose of animals which have been brought into this country or moved interstate in violation of a Federal quarantine or which have been found on such movement to be infected with or exposed to communicable diseases dangerous to livestock or poultry. It would permit the Department to act in case of an extreme emergency threatening the livestock or poultry of the United States, such as an unchecked outbreak of foot-and-mouth disease.

In addition, it would authorize the payment of certain indemnities, the promulgation of necessary regulations in connection with the cleaning and disinfection of conveyances and other facilities, and necessary inspection operations. It would broaden the Department's authority to prohibit or regulate the importation of animals to prevent the introduction or spread of livestock or poultry diseases. It is designed to make existing programs more effective and to round out the Department's authority to cooperate with the States.

A more detailed analysis and explanation of this legislation has been provided to the committee.

Similar bills were considered in the previous Congress, and during the course of the hearings questions were raised about the wording of some of the sections. Changes and improvements were made in the wording and incorporated in both of the bills which are now before you. For example, any withholding of payments to individuals for violations of laws or regulations would be applicable only if such violations were committed knowingly.

With the rapid increase and speed in trade, travel, and traffic with the nations of the world, the dangers of introduction of foreign animal diseases such as foot-and-mouth disease and rinderpest become greater every year. The added protection given by these bills is needed in order to preserve the health of the herds and flocks of this Nation. The Department hopes that favorable action will be taken on this legislation.

ANALYSIS OF H.R. 3693, 87TH CONGRESS

"To provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes."

Section 1

There is no definition of "Secretary" or "animals" in the present animal quarantine laws. There is considerable variation in the descriptions of the animals to which the laws apply.

The present statutes relating to imports and exports refer to the United States and most of those relating to interstate commerce refer to the States, the territories, and the District of Columbia. Section 3 of the act of May 29, 1884, as amended (21 U.S.C. 114) refers to States and territories and section 11 of that act (21 U.S.C. 114a) refers to the States, the District of Columbia, Puerto Rico, and the territories and possessions. The term "territories" has been construed to mean the organized territories such as Puerto Rico, Guam, and the Virgin Islands of the United States. Section 401 of the Tariff Act of 1930, as amended (19 U.S.C. 1401) defines "United States" so as to except the Virgin Islands, Guam, and certain other areas for purposes of the animal quarantine provisions in section 306 of that act (19 U.S.C. 1306).

Section 2

Section 2(a) of the bill confers additional authority to seize, quarantine, and dispose of animals (including poultry) on the basis of their movement or handling contrary to the animal quarantine laws or regulations or on the basis of the movement of the animals into the United States or interstate while affected with or exposed to any communicable disease dangerous to livestock or poultry. Section 2(b) of the bill provides that in case the Secretary determines an extraordinary emergency exists because of the outbreak of an extremely dangerous, communicable disease of livestock or poultry, which threatens the livestock or poultry of the United States, he may seize, quarantine, and dispose of animals (including poultry) affected with or exposed to such disease, and their carcasses and related products and articles. Provision is made for payment of compensation except in certain circumstances. Such compensation would be based on fair market value. The authority of section 2 is not dependent on cooperation of any State or other jurisdiction or organization or individual.

Under section 11 of the act of May 29, 1884, as amended (21 U.S.C. 114a) the Secretary is authorized, either independently or in cooperation with States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States, certain organizations, and individuals, to control and eradicate specified diseases of animals (including poultry), incipient or potentially serious minor outbreaks of animal diseases, and contagious or infectious diseases of animals which are deemed to constitute an emergency and threaten the livestock industry, including the payment of claims growing out of the destruction of

animals (including poultry), and of materials, affected by or exposed to any such disease. This section contemplates a program in which participation by the owner of the animals and materials is voluntary so far as the Federal Government is concerned.

Section 8 of the act of August 30, 1890 (21 U.S.C. 103), authorizes the Secretary to slaughter any ruminants or swine imported into the United States which are adjudged to be infected with any contagious disease or to have been exposed to infection so as to be dangerous to other animals, and to pay the value of exposed animals so slaughtered to the owners thereof, except that no payment may be made for animals imported in violation of the act.

Paragraph (c) of section 306 of the Tariff Act of 1930, as amended (19 U.S.C. 1306) authorizes the Secretary to prescribe in regulations the terms and conditions for the destruction of ruminants and swine and meat thereof offered for entry from a country where foot-and-mouth disease or rinderpest exists and refused admission into the United States, unless such animals and meat are exported by the consignee within the time fixed therefor in the regulations. Section 306 also authorizes seizure and disposal of zoo animals allowed entry under its provisions and thereafter not handled as required under the section.

Under section 2 of the act of February 2, 1903, as amended (21 U.S.C. 111), the Secretary is authorized to seize, quarantine, and dispose of hay, straw, forage, or similar material, or any animal products, being imported or moving interstate, in order to guard against the introduction or spread of the contagion of disease.

Section 3

The Secretary has authority under sections 4 and 5 of the act of May 29, 1884, as amended, section 10 of the act of August 30, 1890, and the act of February 2, 1903, as amended (21 U.S.C. 105, 111, 112, 113, 120) to require the cleaning and disinfecting of means of conveyance and facilities to prevent the dissemination of communicable diseases of livestock and poultry into or from the United States or interstate. The authority contained in section 3 of the bill would provide additional protection of the general health of livestock and poultry.

Section 4

Section 306 of the Tariff Act of 1930, as amended (19 U.S.C. 1306) prohibits the importation of cattle, sheep, other ruminants and swine, and fresh, chilled, or frozen meat of such animals, from countries where foot-and-mouth disease or rinderpest is determined by the Secretary to exist. Under section 9 of the act of August 30, 1890 (21 U.S.C. 101) the President is authorized to suspend by proclamation the importation of all or any class of animals for a limited time when in his opinion such action is necessary for the protection of animals in the United States against contagious diseases, and to change, revoke, or renew such proclamation as the public good may require. The Secretary has some authority under the 1890 act and the act of February 2, 1903, as amended, to regulate imports of animals but clarification and extension of his authority in this field is deemed necessary for adequate protection against dissemination of livestock and poultry diseases.

Section 5

Section 5 of the bill has no counterpart in existing animal quarantine legislation but is similar to provisions in section 107 of the Federal Plant Pest Act (7 U.S.C. 150ff).

Section 6

Section 6 of the bill provides criminal penalties similar to those provided in section 3 of the act of February 2, 1903, as amended and section 6 of the act of March 3, 1905, as amended (21 U.S.C. 122, 127). In addition section 6 provides for injunctive enforcement procedures.

Section 7

Section 7 of the bill would amend section 11 of the act of May 29, 1884, as amended (21 U.S.C. 114a) to authorize the Secretary to control and eradicate any communicable disease of livestock or poultry instead of only the diseases now specified in said section 11.

Section 8

The first section of the act of March 3, 1905, as amended (21 U.S.C. 123) authorizes the Secretary to quarantine any State or territory or the District of Columbia, or any portion thereof, when he determines that livestock or poultry in such State, territory, or District are affected with any communicable disease. Section 8(a) of the bill would amend this section of the 1905 act to authorize the Secretary to so quarantine when he determines that any animals or poultry in such State, territory, or District are affected with a communicable disease of livestock or poultry or that the contagion of any such disease exists or that vectors which may disseminate any such disease exist in such State, territory, or District.

Section 2 of the 1905 act prohibits the delivery and receipt for transportation interstate, and the interstate movement, from an area quarantined under the first section of the act, of livestock or poultry except as provided in section 4 of the act. Section 3 of the act authorizes the Secretary to promulgate regulations permitting and governing the interstate movement of livestock or poultry from such a quarantined area. Section 4 of the act permits the interstate movement of livestock or poultry from such a quarantined area under the regulations of the Secretary. Section 8(b) of the bill would amend these provisions of the 1905 act to make them applicable to any animals or poultry quarantined under the first section of the bill.

Section 9

This provision in the Department's appropriation act approved June 30, 1914, as amended, provides that the 1905 act shall apply to any common carrier whose road or line forms any part of a route over which livestock or poultry are transported in the course of interstate shipment from a quarantined area. Section 9 of the bill would amend this provision of the appropriation act to make it consistent with the 1905 act as amended by the bill.

Section 10

Section 10 of the bill would specifically include the departmental employees performing the designated functions within the protection afforded certain Federal employees against assaults, other interferences, and homicide under section 111 and 1114 of title 18, United States Code.

Section 11

Section 11 would authorize the issuance of regulations deemed necessary to carry out the provisions of the bill.

Section 12

Section 12 of the bill expresses the relation of the bill to other laws.

Section 13

Section 13 of the bill contains the usual savings provision in case of invalidation of the act in any respect.

Mr. POAGE. Are there any questions?

Mr. HARVEY. I wonder if I could discuss some points in connection with this bill off the record?

Mr. POAGE. Yes.

(Discussion off the record.)

Mr. POAGE. Back on the record. "Extremely dangerous" has no meaning at all, does it?

Dr. CLARKSON. I have no brief for these words. We were trying to put some limitations on it. I hope that we never have to invoke this section, which can be done only in case of an extraordinary emergency.

We became aware during the outbreak of foot-and-mouth disease in Mexico and the one in Canada of a disparity of interest among the various States and communities of this country with regard to this disease. Most of the States would act promptly and take care of their situation and we would go about it in the traditional manner. I would hope all of them would, but from some of the expressions of interest

and opinion we had at that time it was apparent that there were some with a very minor interest in livestock, who were not prepared to take the kind of action that is necessary to stop an outbreak of foot-and-mouth disease. So it seemed to us, in the Department, that we ought to be prepared for such an emergency. We have tried to write into this the precautions, the care that would be necessary to guard against injudicious action. Action would be taken only after the most careful evaluation of the situation with the States, and a clear showing that if some of the States were not prepared to take the proper action, then the action would be taken by the Department in protection of the other States.

The provisions for indemnification were referred to in the discussion a while ago, on subsection 2(e). I quite agree with the tenor of the discussion at that time. It was not the intent to penalize an innocent owner because of something that might have been done by an owner one or two steps removed. That is, an innocent owner who was not conniving or conspiring to have this done. Certainly, we would construe it that way and would have no objection to the language being changed to make that more clear, if the committee should so desire.

The language contained in section 5 in regard to the authority to inspect is similar to the provisions of the Federal Plant Pest Act which was passed about 5 years ago. The chairman remembers that we were faced with similar difficulties in enforcing some of our inspection procedures on plant pests and needed to have the authority to deal with the pest itself and to take action at the time, rather than to wait until it had spread into some other parts of the State or, indeed, into some other States.

I feel these are necessary to the protection of the health of our livestock and poultry. We are very fortunate in this country in having as healthy a livestock and poultry population as exists anywhere in the world. By comparison with most of the major areas of the world it is a very much better situation—a part of which is historical and geographical. Many of the great plagues that have devastated herds and flocks in the Old World for centuries, in fact for thousands of years, were not present in the New World and we in North America have been able to keep most of them out by action of the Government, and the States acting in concert with each other. We have a record that is unsurpassed anywhere in the world in preventing the introduction of these dangerous diseases to our herds and flocks, in eradicating these diseases that do get into the country.

One has only to look at the situation with regard to foot-and-mouth disease to know that this is so. In the first 30 years of this century we had six outbreaks. They were very expensive to deal with. They caused great havoc in the livestock industry, not so much because of the losses, because prompt action was taken to control and eradicate the disease, but because of the fear of its great spread—and a very well grounded fear I may say.

During the second 32 years of this century we have had no outbreaks of foot-and-mouth disease in this country. That has been in the face of a greatly increased trade, traffic, and travel between this country and all parts of the world, and despite the great epidemics of this disease in Europe, Asia, and South America. It is in the face of very

serious outbreaks in Mexico and a small outbreak in Canada during the past 10 to 12 years.

These provisions contained in this legislation before you for consideration are those which we think are necessary to continue this protection for the future.

Mr. POAGE. We recognize that the Department had a lot more in this first bill than they thought they did. We thought it was a dangerous thing. We think it contained provisions which, certainly, could not be fairly lived with. We are, therefore, interested in the penalty provisions of this bill. We are talking about the practicality of the thing. That is the reason we turned the Fisher bill down.

Now let me ask you as to this, is there enough money available to pay these claims without any new authorization?

Dr. CLARKSON. Yes, sir.

Mr. POAGE. There is?

Dr. CLARKSON. There is a special provision in the annual Appropriations Act for the Secretary, under an extraordinary emergency, to use whatever funds are available to the Department of Agriculture for emergency expenditures.

Those that might be involved in violations of imports or interstate regulations would be small. We have enough funds in our annual appropriation for the eradication of disease of livestock to take care of this.

Mr. POAGE. Are there any further questions?

Mr. HARVEY. If I can again go off the record.

Mr. POAGE. Yes.

(Discussion off the record.)

Mr. POAGE. Back on the record. We have taken 45 minutes thus far, and we are not through with the witness yet. And we have several other bills before us.

Mr. LATTA. On the first page, you have a definition, which includes all animals except man. Do you think that definition is broad enough to accomplish what you want to accomplish?

Dr. CLARKSON. Yes. Among the birds, for example, quail and pheasants are brought into the country for the population of wild-lands or other areas, for sports or for other reasons. We are interested in these birds, because they may carry diseases that are transmissible to our domestic fowl. We find that some types of animals, even reptiles brought into this country from Africa, have ticks of the kind that would carry tick fever and other diseases of animals. We have, insofar as we know, found each of those cases, and have been able, by dealing with those who have control of the reptiles, to take care of the tick situation. But almost every type of animal and bird that exists may, accidentally, at one time or another, bring in pests or diseases that are dangerous to our livestock and poultry.

The use of the term "animals" here is so that such animals may be inspected and quarantined if necessary, but only for the purpose of protecting against the spread of diseases of livestock and poultry.

Mr. LATTA. It does take in all animals except man, does it not?

Dr. CLARKSON. That is correct.

Mr. LATTA. And it does take in animals that are moving in interstate commerce as well as those coming into this country?

Dr. CLARKSON. Yes.

Mr. LATTA. Is it not a fact, that under the provisions of this bill, for example, you could stop me and my Boston terrier while en route from Ohio to Washington, D.C. under the pretext that I might, or my dog might have been exposed to some communicable disease that would be dangerous to livestock and poultry? And couldn't you, also, under the terms of the bill, inspect my person as well as the conveyance hauling the dog?

Dr. CLARKSON. There is authority now for the Department to place inspection requirements on dogs moving in interstate commerce or coming into this country if they are thought to be carrying diseases that are transmissible to livestock and poultry.

Mr. LATTA. And you now can inspect my person as well as the conveyance?

Dr. CLARKSON. No; we cannot.

Mr. LATTA. On page 5 of your bill, why do you need that authority?

Dr. CLARKSON. Well, speaking of some of the things that are likely to be transported, the only example I can think of now is where we have strict requirements on the importation of semen for artificial insemination of livestock. Such material is prohibited from countries where foot-and-mouth disease or rinderpest exists. This is the kind of thing that can be carried in a very small vial, in a vest pocket, if you will. The authority to look for these things on importations is very important. For interstate it is not nearly as significant as it is for imports.

Mr. LATTA. I am all for inspection myself of those who might be traveling in interstate commerce. However, I do not want to be stopped along the way by some Department of Agriculture employee and be personally searched without a warrant. The way I read this bill you have that authority on page 6, subsection 2 of section 5.

Dr. CLARKSON. This could only be done if there were two things; first, an appropriate regulation, properly promulgated and published, and second, probable cause to believe that it was being violated.

Mr. LATTA. And you do not have to go before any court or any judge or anyone to get a warrant, but you can do it for "probable cause," and probable cause is established in the person's mind doing the searching.

Dr. CLARKSON. He would not have to have a warrant, that is right. This language, as I mentioned a while ago, is similar in purpose and accomplishment with the provisions of the Federal Plant Pest Act which passed a few years ago and upon which we modeled this one.

Mr. LATTA. Do you think that you need authority to stop me, an individual, in interstate commerce?

Dr. CLARKSON. Yes. We need this kind of authority, Mr. Congressman. More and more of our livestock are moving by trucks and moving by automobiles of one kind or another. Whether improved language may be drawn here that would be more reassuring, I do not know.

Mr. LATTA. Do you need that much power to stop me when I am in interstate commerce? Why do you not ask for the same authority when I arrive at my destination? You do not have that on page 7, subparagraph 3. There you have to get a warrant. You do not ask for that authority in that subtitle.

Dr. CLARKSON. In entering premises of any kind, which are not in movement, the opportunity to obtain a warrant is much better and the need for such prompt action upon probable cause does not exist.

Mr. LATTA. You are not asking for the authority even there to inspect my person. You are just asking for authority to inspect my premises.

Dr. CLARKSON. That is correct.

Mr. LATTA. Thank you. That is all, Mr. Chairman.

Mr. POAGE. Thank you. Are there any further questions of Dr. Clarkson? If not, we are very much obliged to you, Dr. Clarkson.

Dr. CLARKSON. Thank you, Mr. Chairman.

Mr. POAGE. We will take this bill under consideration later.

I want to insert in the record four telegrams that I received this morning all endorsing this bill, one from the National Wool Growers Association, of Salt Lake City, Utah; one from the Texas & Southwestern Cattle Raisers Association, of Houston, Tex.; one from the American Veterinary Medical Association, of Chicago, Ill.; and one from the American National Cattlemen's Association, of Denver, Colo. Without objection, these will be made a part of the record at this point.

(The telegrams follow:)

SALT LAKE CITY, UTAH, March 18, 1962.

Hon. W. R. POAGE,
House Office Building, Washington, D.C.:

Understand you are holding hearings Monday on H.R. 3693 which is identical to Senate-passed S. 860. Our organization strongly endorses this bill. We feel it will be most helpful in controlling livestock diseases. We request favorable action and will appreciate having this wire in hearing record.

NATIONAL WOOL GROWERS ASSOCIATION.

CHICAGO, ILL., March 18, 1962.

Hon. W. R. POAGE,
Subcommittee on Livestock and Feed Grains, House Committee on Agriculture,
Washington, D.C.:

The American Veterinary Medical Association supports enactment of H.R. 3693 and companion bill S. 860 to provide greater protection against disease of livestock and poultry. This legislation urgently needed to combat communicable disease such as rinderpest, African swine fever, and fowl plague. Request this telegram be made a part of the record of hearings scheduled for March 19, 1962.

Dr. H. E. KINGMAN, Jr.,
Executive Secretary, American Veterinary Medical Association.

HOUSTON, TEX., March 18, 1962.

Hon. BOB POAGE,
Vice Chairman, House Committee on Agriculture, House Office Building,
Washington, D.C.:

We favor the Wright bill, H.R. 3693, which tightens the quarantine laws necessary to control the entry of livestock diseases into this country. We consider the passage of this bill vital to the future safety of the beef industry.

TEXAS & SOUTHWESTERN CATTLE RAISERS ASSOCIATION,
DOLPH BRISCO, Jr., President.

DENVER, COLO., March 17, 1962.

HON. W. R. POAGE,

Chairman, Subcommittee on Livestock and Feed Grains, House Agriculture Committee, House Office Building, Washington, D.C.:

Have learned of March 19 hearings on legislation by Wright, H.R. 3693 and Humphrey, S. 860, both dealing animal quarantine regulations. American National Cattlemen's Association strongly support this legislation and requests favorable action your subcommittee. We further feel this legislation would be aid to prevent entry foot-and-mouth disease into United States from countries having this disease.

C. W. McMILLAN.

H.R. 9886

Mr. POAGE. The subcommittee will now take up H.R. 9886 by Mr. Reifel. I understand that you want to make a statement.

(H.R. 9886 follows:)

[H.R. 9886, 87th Cong., 2d sess.]

A BILL To amend the Agricultural Act of 1961 and the Soil Conservation and Domestic Allotment Act, as amended, to permit under certain circumstances flaxseed to be raised on acreage diverted from the production of wheat

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 124(a) (2) of the Agricultural Act of 1961 (75 Stat. 298) is amended to read as follows: "Provided, That such diverted acreage may be devoted to castor beans, guar, safflower, sunflower, flaxseed or sesame, if designated by the Secretary, subject to the condition that no payment shall be made with respect to diverted acreage devoted to any such commodity."

Mr. REIFEL. I have a statement that I will turn in for the record, in the interests of saving time.

Mr. POAGE. Thank you. Without objection, your statement will be made a part of the record at this point.

(The statement of Hon. Ben Reifel, a Representative in Congress from the first Congressional District of South Dakota follows:)

STATEMENT OF HON. BEN REIFEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

This bill authorizes producers to plant flaxseed on acreage diverted from the production of wheat subject to the condition that no payment shall be made with respect to acreage devoted to such commodity.

Over 90 percent of the U.S. production of flaxseed is concentrated in the three States of North Dakota, Minnesota, and South Dakota. Naturally, the income from the production in these three States is of great significance to farmers in this area. Equally important, there are many jobs in this area that are dependent on a healthy flaxseed industry—jobs based on continuing supplies of flaxseed for its many uses.

The concentrated pattern of production, however, creates within it certain problems which should receive the attention of this body. However, it would appear to be well to give consideration to a rational policy concerning carryover flaxseed stocks. My concern here is with the potential effects on many segments of this and related industries resulting from low yields obtained in the area of heaviest concentration of acreage due to weather or other factors. The concentration increases the weather hazard.

I am in entire agreement with Secretary Freeman when he said as follows: "In one other respect do we need to take further action toward the goal of meeting human needs. We need to adapt the ever normal granary concept to a scientifically determined reserve supply adequate to meet any emergency."

CURRENT SITUATION

Domestic flaxseed supplies during the 1961-62 marketing year are tight. Output is down sharply and stocks are low.

Production of 1961 crop flaxseed was a little less than 22 million bushels, about 9 million bushels or 30 percent below 1960. Output in each of the three leading producing States—North Dakota, Minnesota, and South Dakota—is down from 1960. With the exception of 1959, the 1961 crop was the smallest since 1944.

Flaxseed production in 1961 of 21,852,000 bushels was the second lowest output since 1944. The 2,514,000 acres harvested this year were the smallest in 15 years and largely account for the decline in production. The 1961 U.S. yield per acre of 8.7 bushels was slightly above the average of 8.3 bushels, but slightly below the 1960 yield of 9.1 bushels.

North Dakota is the leading State in flaxseed production but 1961 production for the State was down nearly one-half from last year. Principal flax-growing areas in that State were damaged by drought and heat, and abandonment of acreage was heavy because of the severe weather conditions. In Minnesota the crop was also smaller than in 1960 due both to smaller acreage harvested and lower yields per acre. Output in South Dakota was also down slightly from 1960. Yields per acre were better than 1960 but were more than offset by a decline in the acreage harvested. The three States—North and South Dakota and Minnesota—accounted for 88.5 percent of the national production in 1961 compared with 91.3 percent in 1960. Of the eight flax-growing States covered in the national total, only Texas showed an increase in flaxseed production compared with 1960.

The total supply of flaxseed in the 1961-62 marketing year is now placed at about 27 million bushels compared with 33 million last year. Crushings of flaxseed for domestic oil use are forecast at 19 million bushels, exports at 2 million bushels (about 1 million has already moved out), and another 2 million will be needed to seed the 1962 crop. If these demand estimates are correct, carryover stocks on July 1, 1962, will be at the very low level of around 3 million bushels—a dangerously low level.

The level of linseed oil prices during the current marketing year probably will accelerate the downtrend in linoleum consumption, as users of drying oils tend to change paint formulations and shift to lower priced substitutes insofar as possible. Consumption of linseed oil has shown a sharp downtrend in the last decade, dropping from a postwar peak of 728 million pounds in 1950 to 370 million in 1960. Prospects are that it will show another decline this year. Thus, reduced supplies are translated into further loss of markets. We must reverse this trend.

One way that increased acreage can be accomplished is by authorizing farmers in the flaxseed area who reduce their acreage of wheat under the special 1962 wheat reduction program to divert the acreage into flaxseed. This would shift production from a surplus commodity to one which is in relatively short supply. The payment to farmers who make this shift could be reduced, and money saved under the wheat program.

I wish to point out that this shift is voluntary on the part of the producer. If he wishes to forgo his payment and increase his acreage of flaxseed, he would be permitted to do so. The farmer could thus produce a needed crop. I should point out that additional flaxseed acreage is needed. At the same time the Federal Treasury would be spared the payment for diversion. In this period of budgetary stringency I am happy to present a program under which a saving in budget outlays can be combined with the expansion in production of a needed crop.

This bill is of importance to those of you who represent farmers who feed livestock. Additional flaxseed will produce more high-protein linseed meal—an important feed ingredient. The greater production will tend to cut the feed costs to your livestock producers.

The flaxseed industry is and has been doing considerable work to expand utilization of linseed oil. New uses have been developed, and efforts are being made to recapture old markets. A new low-cost protection for concrete roads and surfaces is in actual use and saving money to users. A new method for mixing linseed oil with water for outside paints is in use. These efforts developed by the industry should be applauded.

If constructive action is not taken, adequate supplies of this essential crop will not be available in case of a national emergency.

Action should be taken to stimulate the production of an essential crop—in abundance. A 6-month supply of flaxseed or its products is needed for our own national safety. It makes economic sense.

Mr. REIFEL. This bill merely introduces flaxseed as one of the items to be permitted to be grown on the diverted acres if the person who has the diverted acres will be willing to forgo the payment on that; and, also, if it is believed to be, by the Secretary of Agriculture, something that can be substituted for the diverted acreage when wheat is taken out of production.

Mr. POAGE. Are there any questions of Mr. Reifel? If not, we will pass on and hear from the Department witnesses.

Mr. SATTERFIELD. Mr. Thompson, Director of the Grain Division, is here to testify for the Department on this bill.

Mr. POAGE. We will be glad to hear you now.

**STATEMENT OF ARTHUR T. THOMPSON, DIRECTOR; ACCOMPANIED
BY J. ALTON SATTERFIELD, DEPUTY DIRECTOR, GRAIN DIVISION,
ASCS, U.S. DEPARTMENT OF AGRICULTURE**

Mr. THOMPSON. Mr. Chairman and members, we appear here today without Budget Bureau clearance on the statement, but this will outline the position which has been taken in this letter of reference to the budget as to H.R. 9886, which is to amend the Agricultural Act of 1961 on the Soil Conservation and Domestic Allotment Act, as amended, to permit under certain circumstances flaxseed to be raised on acreage diverted from the production of wheat.

The Department of Agriculture has no objection to the enactment of the bill.

We will make clear that this pertains to the inclusion of flaxseed as an additional oilseed crop that could be grown on diverted wheat acreage in lieu of payments under the 1962 wheat stabilization program.

In other words, it would go along with the other five crops that are now named in the law that was authorized in the 1962 program.

Mr. POAGE. Is flaxseed in short supply?

Mr. THOMPSON. I will read the paragraph as to that which we prepared.

While domestic utilization of flaxseed during the past 5 years has consistently declined, total supplies have declined more rapidly with the result that carryover stocks on August 1, 1962, will likely to be down to around 3.5 million bushels. With the demand for flaxseed for the 1962-63 marketing year expected to show some slight improvement over the current marketing year, we feel that some increase in 1962 plantings of flaxseed would be desirable. Therefore, as a means of encouraging producers of flaxseed to increase their plantings, or at least bring to a halt the downtrend in acreage, the Department recently announced that the national level of supports for 1962 crop of flaxseed would be \$2.90 per bushel, 10 cents per bushel above the 1961 support level.

Although current market prices for flaxseed at county points are about 45 cents per bushel above 1961 support prices and are expected to remain at about the same level through the 1962 planting season, we doubt that permitting farmers to produce flaxseed under diverted wheat acreage in lieu of payments would result in an undesirable expansion in flax plantings in 1962.

Mr. POAGE. Did we not import flaxseed?

Mr. THOMPSON. Yes. Yes, we did. I do not happen to have the figures with me.

Mr. POAGE. We do import flaxseed, is that it?

Mr. THOMPSON. Yes.

Mr. POAGE. And we need more flaxseed than we are producing in the United States?

Mr. THOMPSON. Yes.

Mr. POAGE. It is one of the commodities that we presently are not giving an exemption to. We are presently giving exemptions to only those commodities that are imported and are not costing the Government anything, where we have no support program.

Mr. THOMPSON. Yes.

Mr. POAGE. And the Government owns 2 or 3 million bushels of flaxseed; is that right?

Mr. THOMPSON. Do you have that?

Mr. SATTERFIELD. Only a very small quantity is held by the Commodity Credit Corporation.

Mr. POAGE. The only question that comes to my mind is this: Is it smarter to encourage the production of something that the Commodity Credit Corporation has in stock and has not been able to dispose of?

Mr. SATTERFIELD. The quantity held is insignificant; slightly less than 1,300 bushels was in inventory on June 30, 1961.

Mr. POAGE. I want to be as liberal to our flaxseed producers as we are to others, but is it fair to take a supported commodity and give it a more favorable treatment? I do not see any differentiation between flaxseed and the other commodities. To the extent that we can produce these commodities, we favor American dollars from going abroad and it would not cost the U.S. Government anything to produce these other commodities. I am not so sure about flaxseed, however.

Mr. THOMPSON. Our judgment is that the probabilities are very slight that they will do that. There are crops—

Mr. POAGE. They have been planted in the past.

Mr. THOMPSON. In the past they have been planted at times. But not recently, however.

Mr. POAGE. But the Commodity Credit Corporation would not have gotten any of it if it had not been produced.

Mr. THOMPSON. That is right.

Mr. POAGE. So it is a commodity that has been produced in surplus in the past.

Mr. THOMPSON. Let me remark that this only pertains to the 1962 wheat program.

Mr. POAGE. Do you not think that we ought to consider this bill in connection with Mr. Purcell's bill establishing a permanent policy for the commodity, or maybe we should just adopt a different policy for flaxseed? Do you think that we should just confine the flaxseed to 1962?

Mr. THOMPSON. I can understand how this, probably, the consideration of this, by your committee might raise questions as to whether this sets a precedent that would not want to be considered in going into other bills. However, in relation to this particular bill, the Department developed the position only in relation to the 1962 wheat program.

Mr. POAGE. And you think that there is no danger of our overproducing?

Mr. THOMPSON. Not in 1962, sir.

Mr. POAGE. And that we will, in fact, need to import flaxseed?

Mr. THOMPSON. It is quite possible.

Mr. POAGE. About how much?

Mr. THOMPSON. I would not want to hazard a guess.

Mr. POAGE. Where do you find out about those things then?

Mr. THOMPSON. I came here on short notice.

Mr. POAGE. I am not criticizing you. I am just trying to get information.

Mr. THOMPSON. If you would like to have us return with the best judgment that we can, we shall be glad to.

Mr. POAGE. We just want the information. We do not want you to return. Do we get that information from the Department of Agriculture, or from some association—what do we do—how do we go about getting that information?

Mr. THOMPSON. I do not know where you could get it exactly from anybody, but we would try to give an estimate. This gets into what we call the supply stabilization.

Mr. SHORT. Mr. Chairman, it seems to me that a part of this consideration here becomes somewhat of an assumption of what would happen. If I understand it, there is a probability of a normal flax crop in Canada which enters into this picture. And, since we are talking about imports, the probability of a normal flax crop in Canada is not very good.

Mr. THOMPSON. That is right.

Mr. SHORT. The situation is not very good up there. They are going all out on wheat production. They have disposed of their surplus of wheat through sales to Red China. The probability is that if they have the choice they are going to plant wheat instead of flax.

Mr. THOMPSON. Yes.

Mr. SHORT. This same thing is true in the Great Plains area, particularly in my State of North Dakota. It looks again like it is a probability that flax production is going to be down again this year.

If anyone has made a more complete study on what the real probabilities are, that would be information that this committee should have.

Mr. THOMPSON. We would be glad to supply any background information that is not in the report.

Mr. SHORT. I realize that this is again going to be just somebody's best educated guess as to what is going to happen.

Mr. THOMPSON. That is right.

Mr. SHORT. I would agree that the probability is in view of the situation in Canada that the crop for 1962 is apt to be considerably below normal.

Mr. THOMPSON. Yes. That is correct, essentially, I think, sir.

Mr. QUIE. You said that it had a support of \$2.90. What is the support level this year on flax?

Mr. THOMPSON. I came away on very short notice and I did not get this information.

Mr. HELMBURGER. I have that information.

Mr. THOMPSON. You have it.

Mr. HELMBURGER. I can get it.

Mr. QUIE. Do you recall what the support level was?

Mr. THOMPSON. We have so many of those things.

Mr. SATTERFIELD. It was \$2.80 for the 1961 crop.

Mr. THOMPSON. \$2.90 for the 1962 crop.

Mr. QUIE. What I would like to have also is information as to the acreage devoted to flax; that is, in the past, say from 1957 to the present time.

Mr. SATTERFIELD. The acreage?

Mr. THOMPSON. The acreage?

Mr. QUIE. Yes. Do you have that?

Mr. THOMPSON. I will give you first, the acreage. In 1961 it was 2,949,000 planted; in 1960, 3,437,000 planted.

Mr. SATTERFIELD. The acreage in the last 5 or 6 years has been gradually going down each year. It has been consistently on the decline.

I might point out one thing that Mr. Thompson mentioned but did not fully cover in the statement he made—with respect to an anticipated increase in demand. The Department of Agriculture recently issued a press release announcing the discovery of a new method for processing linseed oil used in paint which greatly improves the quality of the paint. This new process is expected to increase the demand for linseed oil.

Mr. QUIE. Do you have the figures now?

Mr. THOMPSON. If I may put the figures in now, I should like to. Which year would you like to begin with?

Mr. QUIE. Do you have them for 1959?

Mr. THOMPSON. I will shift to harvested acres. I think these are more meaningful. I will have to shift to harvested acres because I do not have the plantings going back that far.

Mr. QUIE. We would rather have them.

Mr. THOMPSON. We will have to put them in in harvested terms. We begin with 1961 going back.

The harvested acres in 1961 were 2,514,000; in 1960 it was 3,342,000; in 1959 it was 2,932,000; in 1958 it was 3,679,000; in 1957 it was 4,793,000.

Mr. QUIE. That is back far enough.

Mr. THOMPSON. The next year it would be larger, 5,473,000. That gives the trend.

Mr. QUIE. Do you have the support level figures, Mr. Heimburger?

Mr. HEIMBURGER. Yes. It was \$2.90 per bushel support level announced for flaxseed for 1962 and that is 76 percent of parity.

Mr. LATTI. That was \$2.90?

Mr. HEIMBURGER. Yes.

Mr. QUIE. What percent of parity is wheat supported?

Mr. THOMPSON. Do you have those there, too?

Mr. HEIMBURGER. 84.4.

Mr. QUIE. How do you expect people to transfer from wheat to flax when we have too much wheat and not enough flaxseed and we support flax at 76 percent of parity and wheat at 84 percent of parity. It would be to our advantage if the land goes out of production to have it stay out of production and that the wheat came out of wheat rather than out of land that was going to be idled, anyway. It would be better to take it out of wheat for flax.

Mr. THOMPSON. Well, sir, this is considered in relation to all of the factors we are obliged to consider. This is the answer that we came out with as the same factors, I believe you will find in the law, the supply and demand situation. The demand situation has been something

on the order of diminishing for flax, so that had to be taken into account, too. That is part of the reason.

Mr. QUIE. Could you submit for the record what the support level was for each of these years from 1956 on?

Mr. THOMPSON. I have it at my office. I am sorry that I do not have it here.

Mr. QUIE. Please submit it for the record.

Mr. THOMPSON. Yes, sir.

Mr. QUIE. Also, the production in bushels for each of those years, how much was utilized each of those years, and how much was the carryover, how much the imports were, and how much the world price was.

Mr. THOMPSON. And the world price?

Mr. QUIE. Yes.

Mr. THOMPSON. Yes, we will supply that.

(The information referred to follows:)

Flaxseed—Supply and disposition

[Million bushels ¹]

	1956-60 average	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62 indicated	1962-63 estimated
Supplies:								
Beginning stocks (July 1).....	10.0	4.1	19.4	8.7	14.60	3.000	5.3	3
Production.....	32.2	47.0	25.1	37.4	21.20	30.400	21.8	25
Imports.....	(¹)	(¹)	(¹)	(¹)	(¹)	-----	(¹)	(¹)
Total.....	42.2	51.1	44.5	46.1	35.80	33.400	27.1	28
Balancing item ²	+1.0	+7	+3.2	-8	+1.0	+900	-----	-----
Adjusted total.....	43.2	51.8	47.7	45.3	36.80	34.300	27.1	28
Utilization:								
Crushings.....	23.8	26.2	27.3	22.4	23.20	19.900	20.0	20
Seed.....	2.6	3.7	2.6	2.3	2.30	2.100	2.1	2
Domestic disappearance.....	26.4	29.9	29.9	24.7	25.50	22.000	22.1	22
Exports:								
Commercial.....	3.2	-1	-3.7	5.1	7.60	7.000	2.0	3
CCC.....	3.4	2.6	12.7	.9	.70	-----	-----	0
Total.....	6.6	2.5	9.0	6.0	8.30	7.000	2.0	3
Total disappearance.....	33.0	32.4	39.0	30.7	33.80	29.000	24.1	25
Ending stocks (June 30):								
CCC owned.....	4.7	13.5	3.2	6.9	.10	.001	-----	-----
Loans outstanding under resale.....	.2	-----	-----	1.1	.03	.000	-----	-----
Privately owned ("free").....	5.3	5.9	5.5	6.6	2.90	5.300	3.0	3
Total.....	10.2	19.4	8.7	14.6	3.00	5.300	3.0	3
Planted acres (thousands)	4,367	5,786	5,481	3,862	3,268	3,437	2,949	3,073
Yield (bushels planted per acre).....	7.4	8.1	4.6	9.7	6.5	8.8	7.4	8.1
Harvested acres (thousands).....	4,044	5,473	4,793	3,679	2,932	3,342	2,514	2,875
Yield (bushels harvested, average).....	8.0	8.6	5.2	10.2	7.2	9.1	8.7	8.7

¹ Less than 50,000 bushels.

² Adjusts for cleaning and other losses, and for possible discrepancies in production, stocks, or utilization as derived from reported data.

Mr. POAGE. This bill concerns flax to be planted next fall. You understand that flax is grown in Texas and California as a winter crop?

Mr. THOMPSON. Yes.

Mr. POAGE. It is not a summer crop.

Mr. THOMPSON. No.

Mr. POAGE. Our flax is planted in the fall and not in the spring. This bill relates only to the currently planted flax for the year 1962, does it not?

Mr. SATTERFIELD. We interpret it to apply only to the crop that would be harvested in 1962. In the case of Texas, where flax is seeded in the fall, it would have had to be seeded this past fall.

Mr. POAGE. That is right. This is not then to be applicable to California and Texas.

Mr. SATTERFIELD. No, sir.

Mr. POAGE. I do not know whether Texas and California are the only two States that grow winter flax. Are they?

Mr. SATTERFIELD. There is probably a little grown in other States, but very little. Texas and California are the principal producers of fall seeded flax.

Mr. POAGE. It seems to me that those figures show that this involves something bigger than many of these other crops. Actually, flax is not an insignificant crop in the United States. The acreage devoted to flax is similar to the number of acres devoted to tobacco and peanuts combined.

Mr. SATTERFIELD. Yes.

Mr. POAGE. It is a substantial acreage. That is all I am saying. I do not want to oppose this. I just want to find out what is involved here. This is a rather substantial crop, is it not?

Mr. THOMPSON. Yes.

Mr. POAGE. Flax is, probably, within the top 20 crops of the United States, is it not?

Mr. THOMPSON. I do not know where it would fall in that classification. I guess it is, yes.

Mr. POAGE. It is not an insignificant crop, that is what I am saying. Do you have any idea how much the total planted acreage for safflower is?

Mr. THOMPSON. We have a table here on the acres devoted to such crops in lieu of payments under the 1961 program. And castor beans is one of those, with 5,356 acres; sunflower is 346 acres.

Mr. POAGE. How much?

Mr. THOMPSON. 340 acres. This is under the program. You see, there may have been acres outside of that, but we do not know about that.

Safflower, 6,552 acres; sesame, 1,215 acres. A total of the four crops of 15,463 acres. Of course, guar beans were not in the 1961 program. They will be in this year. Guar beans are not in it.

Mr. POAGE. There is not any more guar than there is safflower, so that the sum total of these other four crops is only about 1 percent of what the acreage is in flax. I am just saying that we have something really important here, whereas these other crops are very minor in the total of them.

Is there anything further?

Mr. HEIMBURGER. I have figures on the Commodity Credit Corporation amount of flaxseed, if you would like to have those.

Mr. POAGE. Yes, that would be helpful.

Mr. HEIMBURGER. As of January 31, Mr. Chairman, the Commodity Credit Corporation does not list in its items in price support inventory any flaxseed.

Mr. SATTERFIELD. I assume that is correct.

Mr. HEIMBURGER. However, on that date, January 1, 1962, there were outstanding price support loans amounting to \$2,055,209 on flaxseed, amounting to 745,732 bushels.

Mr. THOMPSON. This is what we call the price support activity at the end of January. One cannot deduce very much from that as to how much of this will be taken over. The assumption is that very little will be taken over.

Mr. POAGE. Is there anything further on this?

Mr. LATTA. What is the world price of flaxseed?

Mr. THOMPSON. I will get that. I do not have that with me at the moment.

Mr. SATTERFIELD. I would suspect that it would be somewhere around our domestic price, because we do import a small quantity of flaxseed.

Mr. LATTA. Why do we have a support price for flaxseed at all if the world price is about the same as the support price domestically or the domestic price—why do we have it supported?

Mr. THOMPSON. I think there is a fairly long history in back of that. I am not able to give you that right now. If you would like to have that background we could put it in where we are inserting the figures.

Mr. LATTA. I would be interested to have that.

(The information referred to follows:)

Flaxseed

U.S. SUPPORT RATES COMPARED WITH SEASON AVERAGE PRICES, MARKETING YEARS 1956-57 THROUGH 1962-63 ¹

[Dollars per bushel]

	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63
National average support rate...	3.09	2.92	2.78	2.38	2.38	2.80	2.90
Season average price to farmers...	2.99	2.94	2.69	3.00	2.65	² 3.24	³ 3.00

PRICES TO FARMERS IN ARGENTINA AND CANADA, MARKETING YEARS 1956-57 THROUGH 1961-62 ⁴

	(⁶)	(⁶)	(⁶)	1.54	1.85	2.12	(⁷)
Argentina ⁵ ----- (Pesos per 100 kg) -----	(165)	(165)	(400)	(500)	(600)	(690)	(⁷)
Canada ⁵ -----	2.67	2.57	2.72	3.22	2.76	3.25	(⁷)

¹ U.S. marketing year is July-June.

² Preliminary

³ Estimated.

⁴ Argentina marketing year is December-November; Canadian is August-July.

⁵ Grade No. 2, 4 percent foreign matter, government-fixed producer price, bagged, on wagon, in port, Buenos Aires.

⁶ Conversion to U.S. dollars per bushel is unreliable and practically meaningless, due to the monetary system and exchange regulations then in force; crop years 1959-61 converted at the free exchange rate of 82.60 pesos per U.S. dollar.

⁷ Not available.

⁸ Average farm price per bushel, converted to U.S. dollars at the average annual rate of exchange.

Mr. QUIE. Do you have a normal carryover in flaxseed like there is in other crops—is there a normal carryover?

Mr. SATTERFIELD. I am not sure that we do. As was brought out by the chairman a few minutes ago, there was a time when we had a large surplus. At that time flaxseed was supported at \$4 to \$6 per bushel. Today the level of support is much less. The high support on flaxseed started out in wartime and was not reduced to a realistic

level until after we had built up a substantial surplus. During this period we also built up an excessive supply of linseed oil.

It is a little difficult to answer your question without considering the supply of both flaxseed and linseed oil. We could probably dig out some background information on it, if you desire it.

Mr. QUIE. I wondered if the Department had a normal carryover on that crop like they have on wheat and corn.

Mr. SATTERFIELD. I am not sure whether they have or not. We would have to take that up with the Peanuts and Oils Division which handles the oil end of the program.

Mr. POAGE. If there are no further questions, we are very much obliged to you.

Mr. THOMPSON. Thank you.

H.R. 10214

Mr. POAGE. We will now take up H.R. 10214, by Mrs. May.

Mrs. May could not be here today. She had a speaking engagement in New England, I believe, and asked Mr. Short to present her statement.

(H.R. 10214 follows:)

[H.R. 10214, 87th Cong., 2d sess.]

A BILL To amend the Agricultural Act of 1961 to define the term "person" or "producers" under the 1962 wheat and feed grain programs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title I of the Agricultural Act of 1961 (75 Stat. 295) is amended by adding a new section 105 as follows:

"SEC. 105. For the purposes of Subtitle B—1962 Wheat Program and Subtitle C—1962 Feed Grain Program of this title, the term 'person' or 'producer' shall mean an individual, partnership, association, corporation, estate, or trust, or other business enterprise or other legal entity and, whenever applicable, a State, a political subdivision of a State, or any agency thereof: *Provided*, That on State-owned, federally granted lands for educational purposes under lease, a State, a political subdivision of a State, or any agency thereof, shall be considered a separate 'person' or 'producer' for each farm unit in which it has an interest."

Mr. SHORT. Mr. Chairman, I have a prepared statement that Mrs. May gave me. It is just a short statement and possibly I should read it, Mr. Chairman, so that we understand what the considerations are.

STATEMENT OF HON. CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. Chairman and members of the subcommittee, the purpose of my bill, H.R. 10214, is to amend the Agricultural Act of 1961 to define the term "person" or "producers" under the 1962 wheat and feed grain programs.

In reviewing information furnished by the U.S. Department of Agriculture and working with the Washington State Agricultural Stabilization and Conservation Committee, the State of Washington has found a serious problem in existence concerning the production and marketing of cereal grains on State granted lands. This granted land, used for the support of schools, consists of approximately 127,000 acres and is leased on a crop share basis to 523 individual lessees in eastern Washington. These leases return three-fourths of a million dollars per year for current school operations.

It is felt that unless the provisions of H.R. 10214 are adopted, the State income from this land will very definitely be jeopardized by causing excessive storage costs by one lessee producing wheat in excess, even though the excess is produced on his own land. This prevents the State of Washington from obtaining a marketing card on the remainder of the State's land in the county. Until all of the existing problems are solved, the reduction in income will be very drastic if any cross-compliance requirements should be placed in pending legislation. This reduction in income will not only affect the State, but will also affect the individual lessee using this land.

I received a request from the State of Washington Department of Natural Resources, therefore, to introduce legislation as embodied in H.R. 10214. I have been assured by Bert L. Cole, commissioner of public lands for the State of Washington, that this legislative change will materially aid the schools, the department of natural resources, and will in no way jeopardize the program of crop production controls.

I am pleased, Mr. Chairman, that subcommittee consideration of H.R. 10214 has been scheduled without delay in recognition of the merit of this bill, and I am hopeful that the subcommittee will give H.R. 10214 favorable action.

Mr. Chairman, Judge Satterfield and Mr. Thompson are to be here to give us the Department's observations on this bill, are they?

The question in my mind about this whole thing is the Department's view on this.

Mr. POAGE. We will be very glad to hear it.

STATEMENTS OF ARTHUR T. THOMPSON AND J. ALTON SATTERFIELD—Resumed

Mr. THOMPSON. Mr. Chairman, since the purpose of the bill has been outlined and summarized in that statement we will just read the paragraph here that directs itself to the view that the Department takes which is that the Department does not recommend the enactment of this bill.

It is the view of this Department that enactment of this bill would not be in the best interest of the feed grain program since it would have the effect of relieving agencies having control of State-owned federally granted lands for educational purposes from any obligation to encourage share-tenants on such lands to participate in the program. Without exercising some control over share-tenant operations on these lands, compliance by participating tenants could be completely nullified by noncompliance of the other tenants. Thus, a program cost would be incurred on these lands without obtaining any reduction in the overall production of feed grains on such lands.

It is also our view that legislation is unnecessary to take care of deserving cases since the Department's regulations pertaining to the 1962 feed grain program provide that for purposes of meeting the eligibility requirements for price supports and acreage diversion payments, a producer shall not be considered as violating such requirements as to a farm other than the one with respect to which an application for payment is made if the producer satisfies the county committee that he did not have control of the management of the operations of the farm, that he made a reasonable effort to encourage compliance with the program requirements, and that it was through no fault of his own that such farm was not in compliance.

This is the substance of the Department's view. I might add here again, just to make sure that there is no misunderstanding, this has not cleared the Bureau of the Budget people, either.

Mr. POAGE. What you are saying, as I understand it, that they encourage tenants to comply. You say they are not under the control, at least, they are not under their control as to what is grown upon the land. Then the fact that I might overplant would not keep Mr. Short who is, also, a farmer, from cooperating and getting paid—getting payment. Is that what you are saying?

Mr. SATTERFIELD. That is correct.

Mr. POAGE. And what if the State of Washington wanted to take that attitude, that they objected to compliance, but all you would ask is that they asked their tenants to comply, is that not it?

Mr. SATTERFIELD. That is correct.

Mr. THOMPSON. I am not familiar with their attitude.

Mr. POAGE. And they would not know what might be grown on the land. I heard that has been said.

Mr. THOMPSON. I do not know the answer to that.

Mr. SATTERFIELD. It would seem a little odd for anyone to rent his land to a tenant for a share of the crop and not know what crops and acreage were to be planted on the land.

Mr. POAGE. I beg pardon?

Mr. SATTERFIELD. It would seem a little odd that a State would lease its land to a tenant for a share of the crop, and not know or care what crops and acreages were to be grown on the land.

Mr. POAGE. I do not know about that. I rent it that way. I never tell the tenant what he should or could grow. I do not know. A State might very well say what the land might be put into. My tenant probably knows more about it than I do. And the State of Washington does not know what is going to be planted on its land either.

Mr. SHORT. Mr. Chairman, there are several things that come up when you consider this basic proposition: No. 1, what has been the departmental policy in this regard under the existing wheat program? As I understand the present law a landowner having two farms must be in compliance with the wheat program on all of his farms to be in compliance on any one of them. Or to put it in reverse, I cannot overseed on one farm and still be in compliance on another farm.

Mr. POAGE. We went into that with the Department last year.

Mr. SATTERFIELD. That applies only if the landlord is the operator of one of the farms.

Mr. POAGE. We went into that last year. If the owner did not operate the farm, he did not supervise and control what was to be planted on that farm, and if he advised his tenants to comply, then the fact that they did not comply, that is, the tenant, certainly, would not put him the landlord out of compliance on any other farm.

Mr. SATTERFIELD. That is correct.

Mr. SHORT. Then that same provision would apply in this instance.

Mr. SATTERFIELD. That is correct.

Mr. SHORT. In other words, what you are saying then is that there is no real need for this legislation in your opinion?

Mr. SATTERFIELD. That is correct.

Mr. SHORT. Well, now, there is this further technicality that becomes involved; that is, when is a person out of compliance? Maybe the overall consideration here meets both of these situations. I think that for the individual owner if he is technically out of compliance, he is not eligible for price support. However, he is able to sell the normal wheat production from his farm that year if he stores the excess under bond. Does this fact that this farm is not in complete compliance—I guess that is the word that you have to add to that—start affecting other farms under his operation, under his ownership?

Mr. SATTERFIELD. You are talking about wheat acreage allotments and marketing quotas.

Mr. SHORT. That is about the only crop that it applies to now.

Mr. SATTERFIELD. No, it applies to both wheat and feed grains. Division programs. It does not apply to acreage allotments and marketing quotas.

Mr. POAGE. This bill only applies to wheat.

Mr. SATTERFIELD. No, it applies to both wheat and feed grains.

Mr. POAGE. And this bill only applies to the 1962 retirement program and does not apply, as I understand it, to this matter of storing the excess wheat. That is in the basic law. This only amends, if I understand it, last year's act.

Mr. SATTERFIELD. That is correct. That is the way we interpret it.

Mr. POAGE. It does not cover the question of storage of surplus grains, as I understand it. Is that not right?

Mr. HEIMBURGER. I think it does apply to feed grains as well as to wheat. It says for the purpose of subtitle (b) 1962 wheat program and subtitle (c) 1962 feed grain program.

Mr. POAGE. It certainly does.

Mr. HEIMBURGER. I believe that the situation is substantially the same.

Mr. SATTERFIELD. That is correct.

Mr. SHORT. Well, then, let us get this clear, it is the opinion of the Department that this fear that has arisen in the minds of the people in Washington about these provisions in the 1962 wheat bill and the 1962 feed grain bill are not justifiable fears, that this restriction would not apply to the wheatgrowers out there who happened to lease the lands on a crop-sharing basis?

Mr. POAGE. There are two circumstances under which it could. If it is leased by the State of Washington to you and the State requires you to plant a certain acreage to wheat, then it would apply. Or if the State of Washington takes the position that they do not want to encourage compliance, then it would apply. But it would only be in those cases, as I understand it.

Mr. SATTERFIELD. Only with respect to the agency having control of that particular farm.

Mr. POAGE. Surely, the State of Washington has a form of lease and I presume that it is the same for all of their farms. I do not know what that form is. If it requires overplanting, then all of their farms would be out of compliance. And if the State of Washington issued a memorandum or said to the tenants—encouraging them not to participate in the program, or if they refused to encourage them to participate in the program, then they would all be out of compliance, is that not right?

Mr. SATTERFIELD. If the State encouraged each of its tenants to comply with the program and some of the tenants failed to comply, the State would not be in violation of the eligibility requirement for obtaining price supports on the crops produced on the remaining farms.

Mr. POAGE. I know that if the State encourages them to participate. I am saying if the State encourages them not to participate.

Mr. SATTERFIELD. In that case the State would not be eligible on any of its farms.

Mr. POAGE. If the State encourages the farmers not to participate, then everyone would be out.

Mr. SATTERFIELD. Every agency acting in the name of the State.

Mr. POAGE. From participating in the program.

Mr. SATTERFIELD. That is correct.

Mr. SHORT. This is an impossible situation. If you do not participate in the program you would pay the penalty, obviously.

Mr. POAGE. Not in that. This relates, I am sure, only to the ability to draw payments and to get the support price. It does not relate—it does not deny them—and, of course, without the support price they would not get very far. It does not keep them from selling—no prohibition on that.

Mr. SHORT. You cannot sell the wheat without a marketing card.

Mr. POAGE. What do you mean you cannot sell it?

Mr. SHORT. You cannot sell the wheat.

Mr. SATTERFIELD. You can sell it, but with a penalty.

Mr. SHORT. In the face of the present penalty no one will produce wheat?

Mr. POAGE. This does not relate to that penalty? This does not amend that basic law?

Mr. SATTERFIELD. No, it does not.

Mr. POAGE. This only relates to those payments and that extra support that is given by the act of 1961. This is all this relates to.

Mr. SATTERFIELD. That is correct.

Mr. SHORT. You cannot choose to operate under the 1962 program or the old program—you have to operate under the 1962 program.

Mr. POAGE. The 1962 program simply says that if you want to retire so many acres—the 1962 feed grain program gave you the right.

Mr. SHORT. I do not think that is quite accurate, Mr. Chairman.

Mr. SATTERFIELD. You had mandatory retirement on the first 10 percent of the farm allotment determined on the basis of a minimum national allotment of 55 million acres.

Mr. POAGE. That is right—the mandatory retirement on the first 10 percent.

Mr. SATTERFIELD. In order to clear up Congressman Short's question concerning the marketing quota phase of the 1962 wheat stabilization program I might point out that we have about the same provisions with respect to marketing certificates. Where a farm is out of compliance, the operator would not get a marketing card, but the landlord in such case, if he was an innocent violator, would receive market certificates covering his share of the production on all complying farms in which he has an interest. If a State-owned farm was out of compliance, every person sharing in the production on that particular farm would be out of compliance including the State, but the State on its other farms which were in compliance would receive marketing certificates covering its share of the wheat produced on all such farms.

Mr. SHORT. This is a point that I want to clear up.

Mr. SATTERFIELD. This bill does not affect wheat marketing quotas.

Mr. SHORT. The individuals who chose not to comply, for whatever reason; the people in Washington did not want the fact that one individual, leasing State land, could put out of compliance all individuals who were leasing State land.

Is that not what they were trying to get at?

Mr. SATTERFIELD. If that is what they were trying to get at, there is no need for this legislation since the Department's regulations per-

taining to the 1962 Wheat and Feed Grain Division programs do not preclude tenant operators of complying farms from participating in the program.

Mr. SHORT. Obviously, this situation has arisen before and some means has been arrived at to take care of it?

Mr. SATTERFIELD. Yes.

Mr. SHORT. Under the program?

Mr. SATTERFIELD. I did not know that there had previously been any question concerning the wheat marketing quota provisions in connection with this bill. This bill would amend title I of the 1961 act, relating only to the special Wheat and Feed Grain Division programs. As pointed out by Mr. Thompson in our draft of the report on this bill, the provisions of the regulations will take care of the landlord who can show that he did not have control of the management of the farm, has made a reasonable effort to encourage compliance with the program, and that it was through no fault of his own that such farm was not in compliance. So, really, we cannot see where they have a problem, unless it is because they have made no effort to encourage compliance on all of the farms over which it has control of the management of its operations. We are as much opposed to making payments to a school district which has not complied with the program on all the farms under its control as we are to making payments to an individual who has not complied with the program on all of the farms under his control. To make payments to a school district under such circumstances would be a backhanded way of giving financial assistance to the school district and charging it to the cost of the farm program.

Mr. POAGE. Are there any further questions on this? If not, we thank you very much.

Mr. THOMPSON. Thank you.

H.R. 10330

Mr. POAGE. We now pass to H.R. 10330 by Mr. Purcell, our colleague from Texas, which provides that such diverted acreage may be devoted to castor beans, guar, safflower, sunflower, or sesame.

(H.R. 10330 follows:)

[H.R. 10330, 87th Cong., 2d sess.]

A BILL To amend the Agricultural Act of 1961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 124(a)(2) of the Agricultural Act of 1961 is amended by changing the proviso to read as follows: "Provided, That such diverted acreage may be devoted to castor beans, guar, safflower, sunflower, or sesame, if designated by the Secretary, subject to the provisions of subsection (b)(4) of this section".

Sec. 2. Section 124(b)(1) of the Agricultural Act of 1961 is amended by changing the period at the end thereof to a comma and adding the following: "payment for which shall be computed in accordance with subsection (b)(4) of this section."

Sec. 3. Section 124(b) of the Agricultural Act of 1961 is amended by adding the following new subsection:

"(4) Payment with respect to diverted acreage devoted to castor beans, guar, safflower, sunflower, or sesame in accordance with the proviso of subsection (a)(2) of this section shall be one-half of the payment which would have been made if such acreage had been devoted to conservation uses."

SEC. 4. Section 16(d) (1) of the Soil Conservation and Domestic Allotment Act, as amended, is further amended by changing the proviso in the first sentence to read as follows: "*Provided*, That such diverted acreage may be devoted to castor beans, guar, safflower, sunflower, or sesame, if designated by the Secretary subject to the condition that payment with respect to diverted acreage devoted to any such commodity shall be one-half of the payment which would have been made if such acreage had been devoted to conservation uses".

Mr. POAGE. Do you have any remarks that you would like to make, Mr. Purcell?

Mr. PURCELL. Mr. Chairman and members, this provides that these crops might be grown on land that might be idle, and that the payment with respect to the diverted acreage devoted to these crops would be one-half of the payment which would have been made if such acreage had been devoted to conservation uses. I think that the bill pretty well states what the purpose of it is.

Thank you.

Mr. POAGE. We started out last year providing that castor beans, sunflower, safflower and sesame, might be grown on diverted acres without any penalty, and then we added guar. We provided for five crops.

Mr. HARVEY. What is guar?

Mr. POAGE. Guar is a legume. Frankly, I have never grown any of it. I do not know that I have ever seen it. I understand it is in short supply. It is a rather unusual grain.

Mr. HARVEY. Where is it grown?

Mr. POAGE. It is grown in Kansas and west Texas and in Colorado, I believe.

STATEMENT OF ARTHUR T. THOMPSON AND J. ALTON SATTERFIELD—Resumed

Mr. SATTERFIELD. That is correct. It is grown on the high plains of the Midwestern and Southern States.

Mr. HARVEY. In the Panhandle?

Mr. SATTERFIELD. Yes.

Mr. POAGE. It was pointed out earlier that the total of these other four crops is 17,000 acres in the United States. And probably guar is the least of them. It is a very minor crop.

It is interesting to note that the sesame people say that there is no way of maintaining the industry in the United States unless they can grow more acres of sesame than they have been growing. That is one crop, so far as I know, that has been planted in the past decade up in the northeast section of my State. Unless more of it is grown it will not continue in the United States. Therefore, they are extremely anxious to encourage the production of sesame seed in the United States.

We have to import this, as well as other like crops. As I understand it, of each of these five crops substantially more is required than we are growing in the United States. There is desperate need for a substantial increase in production in these crops.

The market on these crops is obviously very limited, but there is an unfilled market for them.

Mr. QUIE. What is the average value of such a crop?

Mr. POAGE. I would expect that if you grew a good crop of sesame seed that you would get an average gross of something like \$75 to \$80 an acre.

It is difficult to harvest. You cannot use a combine. The trouble with it is that the pod breaks open and curls back, and when it is combined it shatters. And if you cut it earlier you cannot combine it. The only way I have ever seen it done was to cut it with a binder, put it in shocks, and then, to combine it from the shock. In that way you do not have as much danger of shattering it.

The problem with sesame, as I understand it, is producing a variety which will remain in the pod long enough to combine it successfully.

This bill simply suggests that since we want to encourage people to take land out of feed grain and wheat, and since we want to encourage the production of more of these crops, that instead of penalizing them that we would give them one-half as much payment on land devoted to those five crops as we do for feed grain and wheatland which is left idle in order to get them to put in one of these deficit crops, rather than let the land grow up in weeds.

We need these crops in the United States. And since they are all in deficit supply, and since there is no prospect of ever growing enough to meet our needs, it was thought that it was wise to let them be paid one-half as much for putting this land in these crops as to let it grow weeds and the like.

Mr. QUIE. What are the payments?

Mr. POAGE. I would assume that it would be about \$10 an acre.

Mr. PURCELL. I think it would be about that.

Mr. QUIE. And they get about \$75 to \$80 per acre for these crops, or one of them.

Mr. POAGE. I do not understand that they get \$75 to \$80 net, but that they would probably gross that much. They simply do not make enough off of these crops to encourage farmers to stay in them. Therefore, the production of these crops simply is not enough to keep the processing plants operating.

Mr. HARVEY. Mr. Reifel's bill includes flaxseed and no payments, whereas Mr. Purcell's bill does include payments.

Mr. POAGE. Mr. Reifel's bill simply adds flax to those that are under the present law. There is no payment for the use of this land. His bill simply lets you plant flax on the land without any payment.

The reason behind all of this is a good thing, if we need these crops. What I was trying to find out is whether we needed more flaxseed. I frankly do not know if we need it.

The idea is to encourage the production of a needed crop in lieu of an unneeded crop. And in the case of the minor crops, since the need was rather obvious on these minor crops, and since the desirability of growing more of them seemed rather clear, the idea of Mr. Purcell's bill, as I understand it, is to encourage the planting of these minor crops by paying one-half as much when you divert grainland to one of them as you would receive if you did not plant anything on the land. That is exactly what happened last year. Farmers who had planted it would not grow sesame on this land. Instead he would retire his feed grain, plant nothing on the land and he would get \$18 or \$20 an acre or whatever it comes to, and he felt that it was more than he would make by planting sesame. Consequently, he took

the payment and did not plant anything. Whereas, we were hopeful that if we would give him \$8 to \$10 an acre that he would plant the sesame, because, obviously, he was right close to the breaking point here—right close to the point where it will induce him to plant the deficit crop, whereas, it looks like if he had no inducement he would say, "I will not take a chance on that thing."

It is rather a risky business. And he just said, "I will not take a chance—I will put the money in my pocket." And I think it is just about that close. Maybe it will be that close for the flaxseed proposition. I do not know, frankly. We do not grow flaxseed in my part of Texas, either. My State does grow more flaxseed than we grow of these minor crops, of course. I know a few that grow it. Flax is a money crop, but they have been going out of flaxseed and not growing as much as they did.

Mr. JONES. What does the Department say about this?

Mr. SATTERFIELD. We do not have any official position on the bill as yet. We believe that we prepared a report on this bill, but were unable to locate it before coming out here this morning, or find out what position the Department will likely take on it. However, it is our view that the Department will not be in favor of it. It seems to us that this bill would have the effect of subsidizing the processing industry and charging its cost to the feed grain program.

As we understand the provisions of the existing law, the purpose in permitting these crops to be grown on the diverted acreage in lieu of payment was to give those farmers who wanted flexibility and some degree of freedom in their operations an opportunity to utilize their land for these crops, if they so desired.

Mr. POAGE. The reason you wanted to give them that freedom is that you wanted those crops grown.

Mr. SATTERFIELD. That is correct. But we felt that market demand should be the encouraging factor and not a subsidy.

Mr. POAGE. Where is the subsidy?

Mr. SATTERFIELD. If you make partial payment on this land and permit a crop to be produced on it for market, you are, in effect, subsidizing the production of that crop.

Mr. POAGE. That is what you are doing right now, you are paying them—you are paying them the full allowance.

Mr. SATTERFIELD. We are paying them for not utilizing it at all.

Mr. POAGE. I have a neighbor who grew sesame a few years ago. He has not grown any the last 2 or 3 years, but he has some land in the feed grain program. He is getting full payment now. He gets, let us say, \$20 an acre, whatever it is—I do not know what he gets—but say that he is getting \$20 an acre. If he grew sesame on that he would only get \$10 an acre. Which is costing the Government more? He is not growing sesame on it now, that is, to my knowledge.

Mr. SATTERFIELD. There is a little more to it than that. Out of this \$20 payment he has to put the land to a conserving use.

Mr. POAGE. He has to let it grow up in Johnson grass. You know that "conservation uses" as applied to the soil bank is an utterly meaningless and asinine statement. He is letting it grow up in Johnson grass. That is supposed to conserve the land and not let it wash away. That is the official ruling of the Department of Agriculture that Johnson grass is officially a "conserving use." And millions of acres of land in Texas are growing up in Johnson grass.

Mr. SATTERFIELD. I do not know what practices the Texas State Committee has approved as a conserving use of the diverted acreage in that State.

Mr. POAGE. I have been in a good many other States where they let most anything grow and call it soil bank land. Do you require that any State actually do anything constructive on that soil bank land?

Mr. SATTERFIELD. I am not sure.

Mr. POAGE. I am not, either. Or do you know that anybody is asked to do anything?

Mr. QUIE. Are you talking about feed grains?

Mr. POAGE. We are talking about the retired land.

Mr. SATTERFIELD. Which is different than the soil bank. The diverted—

Mr. POAGE. There is no difference. You cannot go out there and look at it and see that it is any different, can you?

Mr. SATTERFIELD. I do not know.

Mr. POAGE. I do know.

Mr. SHORT. Mr. Chairman, there was another loophole in the feed grain program. These acres that are supposed to have been retired from wheat and feed grains must be positively identified and maintained as I understand it.

What the chairman has said has been interesting. There is some acreage of safflower seed in the eastern part of my State, not extensive. You see some patches of it.

In the production of safflower you have to have a contract, just like you had for raising sugarbeets. Just exactly how much this would enable anybody to exercise judgment in planting more safflower seed I would not know. There is no shortage comparatively, is there?

Mr. QUIE. And these people that would raise sesame and sunflower and the like you would pay them \$10 an acre.

Mr. POAGE. You are saving the Government \$10 an acre trying to do it this way.

Mr. SATTERFIELD. That is correct, if you can obtain additional diversion of wheat and feed grain acreage by doing it.

Mr. QUIE. You save money on all of the other lands by not planting it to feed grains, by not raising it.

Mr. POAGE. That is exactly the point. The Government can get rid of feed grain land for half as much this way as it could if we did not pay them anything. The fact is that the last year they did not grow an appreciable acreage of these minor crops. We find we do not get anything from this land. The Government pays the full price and nothing is grown on it. As I say, the Government is paying the full price. If we do need these crops and I think that is the case, and if we are importing them, then is it not smart if we encourage somebody to grow them on this land and pay only one-half as much to retire the land?

Mr. PURCELL. If I may be heard, I think that the key to this we are talking about is that if we are importing these particular crops it would appear to me that we should not try to discourage the production of them.

There is so little of it that unless we get more people interested in starting in this particular area, we will not have enough of them, as I see it. So this is an attempt to get a reason for growing them, and whatever is needed, if we do, we will be better off and we are benefit-

ing the individuals who will be growing them. I think that the ones who would be growing it are really so small in total that I do not see that it would make any particular difference or create any particular harm in the overall program.

Mr. QUIE. If we would increase our domestic sugar beet production, we could take care of all our sugar needs.

Mr. POAGE. We, certainly, have always encouraged that in the United States. It seems to me that in these commodities, these crops, we are only talking about several thousand acres instead of millions of acres, and that the same principle would apply to them as it has where we have helped others.

Mr. SATTERFIELD. This would certainly set a precedent, although it is limited to the five crops. Under the land use provisions of the proposed Feed and Agriculture Act of 1962, the Secretary would be given authority to designate crops which were not in surplus supply and would not be in surplus supply if permitted to be grown on the diverted acreage. If we start out subsidizing these crops there would be pressure to include other crops which might be produced in surplus supply.

Mr. POAGE. You are reducing the payments. The Government has to pay for that land to get it out of grain. That is the thing that I think we are overlooking here.

I think that most of us think that it is a 50-50 deal. That is the usual and ordinary procedure. But when you do not plant any of these crops and simply retire your feed grain acreage it costs the Government twice as much per acre to retire that land. That is just straight arithmetic.

Mr. SATTERFIELD. On the other hand, if feed grains had been produced on that land and CCC took over the production on price supports, the Government probably would have paid out more than twice as much as it is paying out for the diversion of that land.

Mr. POAGE. There is no price support on any of these crops?

Mr. SATTERFIELD. Not on the substitute crops but on the feed grains from which this acreage was diverted.

Mr. POAGE. All right, now I am saying that you take acreage out of feed grains. Let us assume that we will get 1,000 acres and will pay \$20 an acre to get it out of feed grains. That is \$20 an acre that it costs the Government. However, if you can plant that 1,000 acres in safflower, and reduce your cost from \$20 to \$10 an acre the Government is having less expense, and the Government has something that we need, instead of something we do not need. And we will have saved the Government just exactly one-half of the cost of retiring that feed grain land. We have got just as much retirement of feed grain land as we would have otherwise, and we have achieved it just exactly at one-half of the cost that we would otherwise have to pay.

Mr. QUIE. Suppose that the farmer raised 10 acres of sesame seed. Then he puts 10 acres of what he would have normally put into idle land, and what he normally would have had in, he now puts that into feed grain, and all you have done is to give him \$10 extra for raising the specialty crop.

Mr. POAGE. You cannot do that, because you have got to have as much idle land as you started out with. You cannot do that. You have got to reduce your feed grain acreage to get these payments.

I want to correct one thing by Mr. Quie. You stated "down there," as if you think it is growing south. I think that most of it is grown up in Mr. Short's area and in Colorado. I think that the State of Texas grows an infinitesimal part of this very small sum total. I believe that you will find that at least two-thirds of the crops are grown "up there" and not "down there." I don't think that it should make any difference.

Where are they grown, anyhow? Frankly, I do not know.

Mr. THOMPSON. You mean these four crops?

Mr. POAGE. Yes.

Mr. THOMPSON. All right. In 1961 under the program—remember there might have been some outside, I cannot say—castor beans, 14 acres in Arizona, 417 acres in Kansas, 1,736 acres in Nebraska, 564 in New Mexico, 448 in Oklahoma, 26 in North Carolina, 2,098 in Texas.

On sunflower, 25 acres in Arkansas, 55 in California, 31 in Colorado, 150 in Kansas, 44 in North Dakota, and 35 in Texas.

On safflower, Arizona 365 acres, California, 5,968, Kansas, 179, North Dakota, 40.

I have some of what we call insignificant marks here. Whether they might have been a few acres, I do not know.

Sesame seems to have been only in Texas, 1,215. The total would not be significant. We have got this by kinds, the four crops. This is the record.

Mr. POAGE. As I get it we grew about 3,500 acres.

Mr. THOMPSON. 3,348.

Mr. POAGE. Out of a total of how much?

Mr. THOMPSON. 13,465.

Mr. POAGE. I do not think that we are growing any large percentage of it. We grow a much larger percentage than that of other things.

Mr. THOMPSON. This report has not reached the same status as these others. We will presumably push on with it as soon as we can locate where some of this material is. There are several questions that we have discussed that do enter into it. One is the point that the chairman makes; that is, is it to the advantage of the Department, the program, to consider what would be the case if you do not do this as against what would happen if you did do it. And another is the comparative position of the crops. How realistic are the offers, for example, being made by the processors? I have heard arguments on all of these four, particularly on safflower and on flax recently. There were some people in from Montana recently. They are very much concerned over processing plant volume, I understand, located around Fort Peck. Of course, if the producer is given enough incentive in price he will find some acreage. Sometimes it is just that with the return from the commodity at that particular stage of development, the plant cannot pay any more. These are some of the things that come into it. That does not always mean, however, that some encouragement with public funds is not justified. These are the things that we have to weigh.

Mr. POAGE. The thing that appealed to me is that we would be saving public funds.

Mr. THOMPSON. Yes.

Mr. POAGE. And if you can save the public funds and still get something that is good for the country, it seems to me that is a good thing.

Mr. THOMPSON. As to the uses of the diverted acres I do not know that we have a report yet on that as to just what exactly happened. Some day I hope that we will have one. Generally speaking, I think it can be safely said that these acres go to some real conservative use. Certainly, that is the objective.

Mr. POAGE. If there are no further questions, we are very much obliged to you.

The committee will consider this bill.

We will now go into executive session.

(Whereupon, at 12:10 p.m., the subcommittee proceeded into executive session.)



H.R. 946

TO EXTEND TO OYSTER PLANTERS THE BENEFITS OF
THE PROVISIONS OF THE PRESENT LAW WHICH
PROVIDE FOR PRODUCTION DISASTER LOANS FOR
FARMERS AND STOCKMEN

H.R. 9290

TO AMEND THE SOIL CONSERVATION AND DOMESTIC
ALLOTMENT ACT AND THE AGRICULTURAL ADJUST-
MENT ACT OF 1938

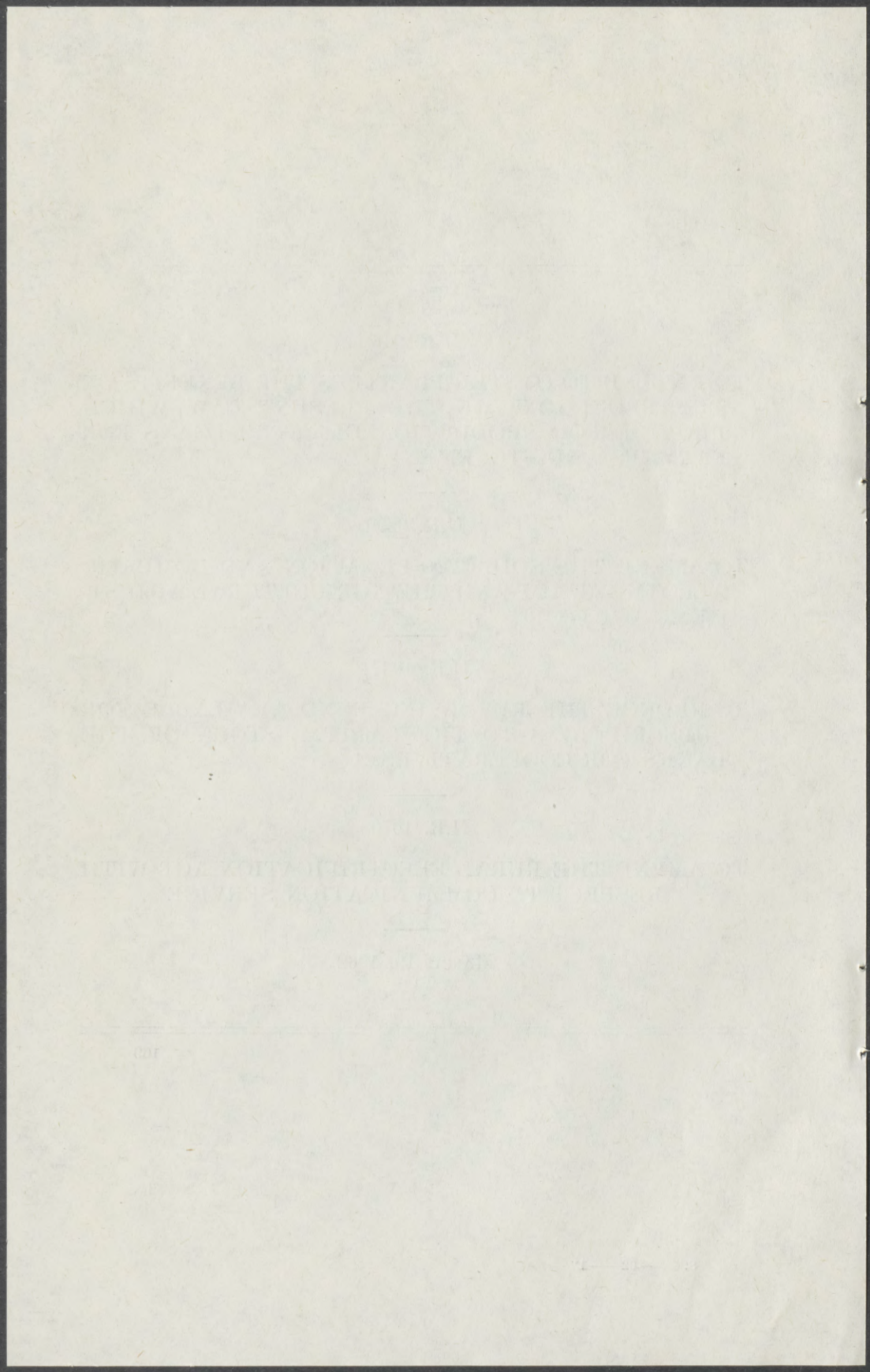
H.R. 10374

TO REDUCE THE REVOLVING FUND AVAILABLE FOR
SUBSCRIPTIONS TO THE CAPITAL STOCK OF THE
BANKS FOR COOPERATIVES

H.R. 10708

TO AMEND THE RURAL ELECTRIFICATION ACT WITH
RESPECT TO COMMUNICATION SERVICE

MARCH 19, 1962



MISCELLANEOUS

MONDAY, MARCH 19, 1962

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

The subcommittee met, pursuant to call, at 2 p.m., in room 1310, New House Office Building, the Honorable W. R. Poage (chairman of the subcommittee) presiding.

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

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

Mr. POAGE. The subcommittee will please come to order.

We have our colleague, Mr. Downing, of Virginia, with us.

We have before us at the present H.R. 946 by Mr. Downing, which is a bill for the oyster planters.

(H.R. 946, and the report of the Department dated September 22, 1961, is as follows:)

[H.R. 946, 87th Cong., 1st sess.]

A BILL To extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 2(a) of the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U.S.C. 1148a-2(a)), is amended to read as follows: "The Secretary is authorized to make loans (1) to farmers and stockmen for any agricultural purpose and (2) to oyster planters for any purpose relating to the planting, cultivation, and growing of oysters, in any area or region where he finds that a production disaster has caused a need for credit for such a purpose which is not readily available from commercial banks, cooperative lending agencies, or other responsible sources."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, September 22, 1961.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture, House of Representatives,
Washington, D.C.

DEAR MR. COOLEY: This is in response to your request for a report on H.R. 946, a bill to extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen.

Pursuant to section 2 (a) of Public Law 38, 81st Congress, as amended, the Secretary of Agriculture is authorized to make loans to farmers and stockmen for any agricultural purpose in any area or region where he finds that a produc-

tion disaster has caused a need for credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. This authority has been interpreted to authorize loans for the production of crops, livestock, and livestock products rather than the production of oysters or other marine life or products. For this reason, loans have not been made in the past for purposes related to the planting, cultivation, and growing of oysters. H.R. 946 would authorize loans for these purposes.

This Department believes the Department of the Interior would be in a better position to make a recommendation as to whether Government loans should be made to oyster planters. 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.*

**STATEMENT OF HON. THOMAS N. DOWNING, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA; ACCOMPANIED BY
DAVID H. WALLACE, EXECUTIVE DIRECTOR, OYSTER INSTITUTE
OF NORTH AMERICA**

Mr. DOWNING. Thank you, Mr. Chairman and gentlemen.

I have with me Mr. Dave Wallace, executive director of the Oyster Institute, whom I would like to have sit beside me.

Mr. POAGE. We will be glad to have you do so.

Mr. DOWNING. I appreciate your taking the time to hear this bill, because I know exactly how rushed you are.

H.R. 946 which I introduced in January of 1961 amends 12 U.S.C. 1148a-2(a) of an act entitled, "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia," so as to include an oysterman as a farmer for purposes of obtaining FHA loans in times of disaster.

If you will recall, Hurricane Donna is a good example of a disaster which occurred in 1960. Hurricane Donna swept up the coast—swept over the oyster beds—swept over the crops mainly on the eastern seaboard of the Atlantic.

The farmers could get loans if they qualified from the FHA for their crop damage.

The oysterman could not get any loans.

The oysterman is similar to a farmer in that an oysterman plants his crop as a farmer does. He harvests as a farmer does, except it is under much less controlled conditions than the farmer has.

That same storm, Hurricane Donna, affected both of these people, yet the oysterman could get no help at all.

Previously, the Small Business Administration did make loans to oystermen who were in distress, but the Small Business Administration has taken a position that they are leaning a little bit far to include that as a permanent measure. The Small Business Administration has, however, cooperated to the fullest in every disaster, and they have opened the facilities of that program and their offices to the oystermen.

Just last week we had a devastating storm that suddenly hit the coast without warning, which you gentlemen have all read about.

Our fisheries officials in Virginia, as is the case with the rest of the Atlantic seaboard, indicate that many of the oysterbeds have been destroyed. They will have to be replaced.

The Small Business Administration again came to the rescue, even though it was leaning backward to include the oystermen, and are now making emergency loans to these people. But we contend that the oysterman is entitled to the same disaster protection that the farmer has under the provisions of FHA, and for that reason I introduced this bill.

I would deeply appreciate any consideration that you can give to it, and if the Chair and other gentlemen have any questions I will be glad to attempt to answer them.

Mr. POAGE. You got the Small Business Administration to make loans?

Mr. DOWNING. That is correct.

Mr. POAGE. You think that you would be better off if you could have the authorization for the Department of Agriculture to make the loans—you think that would be better?

Mr. DOWNING. We have no assurance that the Small Business Administration will continue this policy.

Mr. POAGE. I know that you haven't, but you have the certainty that, if this bill passes, then they will quit?

Mr. DOWNING. That is true. We figure we would be better off under the provisions of the FHA program, which is permanent and always there, than we would under the provisions of the Small Business Administration program.

Mr. POAGE. That is right. You are willing to take that gamble?

Mr. DOWNING. Yes, sir.

Mr. POAGE. Are there any other questions?

Mr. JOHNSON of Wisconsin. Your contention is that they are farmers and not businessmen?

Mr. DOWNING. Well, farming is a business.

Mr. JOHNSON of Wisconsin. I know that.

Mr. DOWNING. An oysterman is a farmer.

Mr. JOHNSON of Wisconsin. The Small Business Administration does not care to make loans to people who are classified as farmers.

Mr. DOWNING. That is true; that is true. The gentleman is correct.

Mr. JOHNSON of Wisconsin. Thank you.

Mr. SHORT. How large are these FHA emergency loans? In the majority, are they not loans that may run from \$500, \$600 to \$2,000 or \$3,000 for relatively small farms?

Mr. DOWNING. I am advised that they would range from about \$2,000 to around \$10,000.

Mr. SHORT. To \$10,000?

Mr. DOWNING. Yes, sir.

Mr. SHORT. Also, the Farmers Home Administration, in these emergency loans, has some means of taking some security—maybe in the nature of a second mortgage. Would there be any security that the oysterman could offer?

Mr. DOWNING. Sir, he would have, as in other cases, his personal assets which would be collateral. He would have his plant, which these oystermen usually have, and his boats and any equipment that may be needed, but other than that I do not know of any collateral.

Mr. SHORT. The fact that the Small Business Administration has made some of these loans would seem to indicate that there was some means of supplying some security inasmuch as they require security of some kind, I believe.

Mr. DOWNING. Yes, sir; the gentleman is correct. They are not going to make a loan if they do not have a pretty good assurance that it will be repaid. In that connection I may add that oystermen are unique people—they are a hardy lot and they believe in paying their debts. The records will show that the oystermen repay their loans. They are subject to all types of disaster. They are wiped out occasionally, but they will repay their debts.

Mr. SHORT. The farmer has a pretty good record of repayments, too.

Mr. DOWNING. I did not mean to omit them. They do have a good record.

Mr. JOHNSON of Wisconsin. Do they have a lease, or do they own the land, or what?

Mr. DOWNING. The State has rocks which are leased under the provisions of State law to the independent planters. There are instances where the planter himself owns the rock or has made the rock himself.

Mr. JOHNSON of Wisconsin. Is there any way that they can mortgage that?

Mr. DOWNING. No, sir. That is not permitted by law.

Mr. STUBBLEFIELD. Is this not on the ocean?

Mr. DOWNING. The damage occurred last year on the oceanside, the southeast Atlantic seaboard. This terrific wave and combination of wind just swept without notice—these people had no notice, as you saw in the newspapers. The little town of Chincoteague, the island, was inundated and swept over. And it swept all up and down the coast from Virginia Beach and Ocean City, destroying a great many of the oysterbeds in that area.

Mr. STUBBLEFIELD. I used to eat oysters that came out of Lynnhaven Bay.

Mr. DOWNING. That is in my district, and it is a fine oyster.

Mr. STUBBLEFIELD. Is that where your beds are, in Lynnhaven Bay?

Mr. DOWNING. Yes. Some of those Lynnhaven oysterbeds have been covered up and are no longer usable. There are still some coming out of Lynnhaven.

The oyster industry is possessed with many other difficulties that I will not bother you gentlemen with. One is a new virus MSX which has appeared up and down the coast, and in addition hard winters. And they are now subject to the provisions of the minimum wage law. You have to pay shuckers \$1 an hour. It has many obstacles. I do hope that we can do something so that all of us can continue to enjoy oysters for a little while to come.

Mr. MCINTIRE. Mr. Downing, if my recollection is correct and not in error—perhaps you have already examined this matter—in the early days of the Farm Credit Administration, oyster production came within the jurisdiction of this lending authority. I think it would be appropriate, Mr. Chairman, if in the consideration of this bill we examined the authority that is there, because that is agriculture, and we may find an interesting story.

Of course, we might be able to appropriately consider this bill in the context of that.

Mr. DOWNING. The gentleman is correct. Under date of April 12, 1961, the General Counsel of the Farm Credit Administration, Mr. Paul O. Ritter, wrote to Mr. Hyde H. Murray, assistant clerk of the

Committee on Agriculture, setting forth the provisions which they have for farmers, which was done in 1934 by an act of Congress. There is available under certain circumstances under that act money, but that act requires up to 7 percent interest and requires rather high collateral.

I believe that the gentlemen from the Small Business Administration would agree that it would not be applicable in times of distress.

Mr. McINTIRE. Your point is well taken there.

Mr. DOWNING. The precedent is there.

Mr. McINTIRE. My point was that the precedent is there. And it is agricultural. Whether or not those services are adaptable to this is another issue. But, certainly, there is an area there to establish some interest in the point in relation to whether they could be classified as farmers.

Mr. DOWNING. You are right, Mr. McIntire. That letter sets that forth.

Mr. McINTIRE. Is that part of the record?

Mr. POAGE. It has not been made part of the record.

Mr. McINTIRE. Could it be made, sir, a part of the record?

Mr. DOWNING. I will be delighted to make this a part of the record. (The letter dated April 12, 1961, follows:)

FARM CREDIT ADMINISTRATION,
Washington, D.C., April 12, 1961.

Mr. HYDE MURRAY,
Assistant Clerk, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. MURRAY: This is in reply to your letter of March 23, 1961, as to the legal status of oyster farmers in regard to their eligibility for loans from any of the banks or associations which are under the supervision of the Farm Credit Administration.

By an act of Congress approved June 18, 1934 (48 Stat. 983), the production credit associations were specifically authorized to make loans to oyster planters and any such loans made by the associations are eligible for discount at the Federal intermediate credit banks or as security for loans or advances from such credit banks (12 U.S.C. 1131g-2). As originally enacted, this authority provided for loans only to oyster planters "who are carrying on their operations under leases of oyster beds granted by any State or political subdivision thereof" but the quoted words were stricken out in 1935 (49 Stat. 318).

Loans under the foregoing authority have mostly been made by production credit associations in the northeastern part of the country, viz., the Production Credit Association of Southern New England, Hartford, Conn.; the Farmers Production Credit Association of South Jersey, Bridgeton, N.J.; the Production Credit Association of Salisbury, Md.; and the Cape Production Credit Association, Exmore, Va. A possible further source of information to you may be Mr. J. Richards Nelson, Elm Street, RFD 4, Madison, Conn., who presently is a member of the farm credit board for the Springfield district and is one of the large oyster planters. You may also wish to get in touch with the U.S. Fish and Wildlife Service, Department of the Interior, which has information available on the production and marketing phases of the oyster industry.

I hope the foregoing may be of some interest to you and am sorry we could not get it to you sooner.

Sincerely yours,

PAUL O. RITTER, *General Counsel.*

Mr. POAGE. Just as a matter of interest, do they grow these oysters in the ocean? I did not know. I understood that they were all in the bay.

Mr. DOWNING. I am sorry that I misled the chairman. They are in the bays, not in the ocean—they are behind protected ledges of land.

Mr. POAGE. That was my understanding.

Mr. DOWNING. The storm swept over these land barriers and in the process covered up the oyster beds.

Mr. POAGE. Are there further questions? If not, we are very much obliged to you, Mr. Downing. We appreciate your presence here. The Department, I believe, has a statement. We will be glad to have you stay as long as you can.

Mr. DOWNING. Thank you, Mr. Chairman. We appreciate this opportunity to appear before you.

STATEMENT OF DAVID H. WALLACE, DIRECTOR, OYSTER INSTITUTE OF
NORTH AMERICA

My name is David H. Wallace. I am the director of a trade association called the Oyster Institute of North America, with offices at 6 Mayo Avenue, Bay Ridge, Annapolis, Md. Our people grow and ship about 90 percent of all oysters in the United States, and our members are located in 17 coastal states and a number of Midwestern States. We favor strongly the passage of H.R. 946.

We believe that oyster growers are farmers in the same way the tillers of the land are farmers. The oyster farmer does the same things as the land farmer, but with the additional handicap of working his grounds under 5 to 25 feet of water. He grows his own seed or buys it, just as does the land farmer. When the seed oysters are the right size and age, our farmers transplant the seed to their growing beds, or fields if you will permit use of the word in this way. When the crop of oysters has grown and matured the oysters are harvested, packed in various ways and sold through much the same channels as other farm products.

There are several situations where Congress has seen fit to classify our product along with agricultural commodities. We have enjoyed the same exceptions from truck regulations as has certain agricultural products. This exemption was granted many years ago, to recognize that the vicissitudes of nature affect our production just as they affect the production of the land farmer.

The similarity of oyster farming to land farming was recognized in the establishment of the Production Credit Association. Since the middle 1930's oyster farmers have been eligible for crop loans on much the same basis as land farmers. Oystermen in Rhode Island, Connecticut, New York, New Jersey, Maryland, and Virginia have been using this loan service. I am advised that the underwater farmers record of payment has been excellent.

The Internal Revenue Service has recognized the similarity between land and underwater farmers. In tax returns oyster farmers are generally on a cash rather than an accrual basis. The costs of seed and planting are considered direct expense and all sales are considered direct income. This method of tax computation takes into consideration the inability of the oyster farmer to predict what his production will be.

As the committee undoubtedly knows, when oysters spawn the eggs and sperm are shed directly into the water. The eggs are fertilized by chance. After fertilization the free swimming larvae goes through a series of changes. In about 2 weeks the baby oyster settles to the bottom and cements itself to some hard object. The oyster is henceforth a sedentary animal, unable to move from one place to another without assistance from man or from extreme turbulence created by storms. After the oysters have grown for a few months they are called "seed" and are ready for transplanting. If they are left in the seedbeds they become overcrowded as they grow, and are unable to mature properly. They are removed then from the seedbed and transplanted to so-called growing grounds, where they remain from 2 to 4 years until they have grown to maturity. Some farmers even transplant the mature oysters to other beds where they become fat just prior to marketing.

In all of these operations the oyster farmer is constantly faced with the possibility of natural disasters. Hurricanes along the Atlantic and gulf coasts periodically create havoc to those in this business. In a violent storm with winds over 75 miles an hour giant waves are created even in our estuaries, with extreme turbulence to the bottom. This churning action either rolls the oysters from the hard surface of the oysterbed and on to the adjacent soft mud, or actually deposits a layer of mud and sand directly on to the oysters. In either case, the oysters are unable to pump water to breathe. They are smothered and the crop is lost. In some cases, such as the tropical storms Connie and Diane in the summer of 1955, tremendous quantities of fresh water pour down the rivers

from the heavy rains. The salinity of the water is reduced below the salinity in which the oysters can survive. Beds of oysters in whole areas are wiped out in such cases.

The oyster farmer is little different from land farmers. Generally he is a small operator with a limited number of acres under lease. Most of his capital is tied up in the crops he has growing on his bed. He must have two or three plantings of different ages at all times, so that he can harvest a crop each year. When he is severely damaged by a natural disaster he has little opportunity to reseed his beds through normal channels of credit. Regular banking channels, which are readily available under normal conditions, become unavailable. At the present time the oyster farmer has no source to turn to for financial aid in replenishing his beds.

All too frequently in the past I have had the unpleasant experience of seeing reputable, honorable men forced to abandon their lifework because they were damaged so badly they could not stay in business. For this reason, we appeal to you to make available disaster loans to oyster farmers in the same way as for land farmers. While we realize that the officials in the Farm Credit Administration have no experience in dealing with oyster farmers, I can assure you they are pretty much the same kind of people as land farmers—honorable, rather proud, and independent people used to working with nature and battling the elements. Technical advice is immediately available to FCA through the Interior Department's Bureau of Commercial Fisheries.

More and more we hear the opinion expressed by governmental officials and others that we must look to the sea in the not too distant future to supplement the wonderful job being done by our land farmers in feeding our expanding population. It seems to us that the provision of H.R. 946 is one step in the gearing up process to do eventually the job of food production from the sea. Natural disasters should not and must not be permitted to put out of business these farmers who are the progressive leaders in the seafood business.

The question has been raised about the cost of such a loan program. It is obvious to me that in the long run it will be self-supporting, just as the loans to land farmers. Even in the beginning it is doubtful if the FCA would need additional funds to carry out this expansion of their function.

We urge your support of this legislation. It is constructive, it is humanistic, and it will insure a more stable production of a highly nutritious, high-protein food.

Mr. POAGE. I believe that Mr. Highfill and Mr. Barnard are here from the Department of Agriculture. We will be glad to hear from you now.

Without objection, we will insert the report from the Department of Agriculture into the record at this point.

(The report of the Department dated May 9, 1961, together with attachment dated September 27, 1960, follows:)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE GENERAL COUNSEL,
Washington, D.C., May 9, 1961.

Mr. HYDE H. MURRAY,
Assistant Clerk, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. MURRAY: The first question in your letter of March 23, 1961, concerns the legal status of oyster farmers in regard to their eligibility for loan programs administered by the Department of Agriculture. Enclosed is a copy of our memorandum to the Administrator of the Farmers Home Administration dated September 27, 1960, with respect to this matter as it applies to disaster loans made under section 2(a) of Public Law 38, 81st Congress, 12 U.S.C. 1148a-2(a). That opinion recognizes that the term "farmers" should ordinarily be given its usual and customary meaning and that the question of who is a farmer is primarily for administrative determination under the terms of that statute. However, because of the legislative background there discussed, it concludes the better view to be that loans to oyster planters are not authorized under that act. We have not had occasion to consider whether the same reasoning would be applicable to loans made under titles I and II of the Bankhead-Jones Farm Tenant Act, as amended, 7 U.S.C. 1001 et seq.

The second question in your letter of March 23 is concerned with the legal definition of "agriculture," both in a broad sense and more particularly as it re-

lates to enterprises such as bird ranches, fur farming, lobster producing, fish production, oyster farming, and worm ranching. There are numerous court decisions and law treatises containing legal definitions of the term "agriculture." These definitions seem to vary, depending upon the wording and purpose of the statute being construed or other purpose for which the definition is given. 2 Am. Jur. 395; 3 C.J.S. 365; Bankruptcy Act, 11 U.S.C.A. 1, 22, 203; Social Security Act, 42 U.S.C.A. 1011; Fair Labor Standards Act, 29 U.S.C.A. 203(f); various State workmen's compensation acts; and Words and Phrases.

From the above citations and cases annotated thereunder it will be noted that the term "agriculture" is sometimes construed as synonymous with farming but also has a broader meaning in some circumstances. In construing section 2(a) of Public Law 38 above mentioned, we have taken the position that if the term "farmer" in an area, is generally understood to include a person engaged in fish propagation and fish culture for food purposes, an administrative determination that he is a farmer under that act would be legally supportable. We have also held that under title II of the Bankhead-Jones Farm Tenant Act, above mentioned operating loans for the purchase of mink for breeding purposes may be made to so-called fur farmers since they come within the term "stockmen" in that act. This opinion was based in part on the fact that the act of April 30, 1946 (60 Stat. 127), contained a congressional declaration "that for the purpose of classification and administration of acts of Congress, Executive orders, administrative orders, and regulations * * *" certain named fur-bearing animals raised in captivity for breeding or other useful purposes are domestic animals, such animals and the products are agricultural products, and the breeding, raising, producing, or marketing of such animals or their products by the producer is an agricultural pursuit.

Broadly speaking, the question of whether bird ranching, fur farming, lobster producing, fish production, oyster farming, and worm ranching come within the definition of "agriculture" or "farming" would depend to a large extent on whether the enterprise has generally and historically been considered to be an agricultural or farming enterprise as distinguished from a commercial, manufacturing, processing, or other business. However, the type and purpose of the operation and the applicable statutory provisions, together with the legislative history of such provisions, would have to be considered in determining the category into which each enterprise would fall.

The Capper-Volstead Act (7 U.S.C. 291 and 292) refers very generally to "persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers" in defining persons who may act jointly in a cooperative marketing association or through agencies in common without violating the antitrust laws. The interpretation and application of this provision incident to enforcement of the antitrust laws is, of course, the function of the Department of Justice.

Sincerely yours,

JOHN C. BAGWELL, *General Counsel.*

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE GENERAL COUNSEL,
Washington, D.C., September 27, 1960.

To: K. H. Hansen, Administrator, Farmers Home Administration.

From: Assistant General Counsel.

Subject: Production Emergency Loans to Oyster Planters.

This is in reply to your memorandum of September 26, 1960, requesting advice as to whether oyster "planters" are "farmers" under Public Law 38, 81st Congress (12 U.S.C. 1148a-2).

That act authorizes the Secretary of Agriculture "to make loans to farmers and stockmen for any agricultural purpose in any area * * *." In the absence of any showing to the contrary, we believe that the word "farmers" should be given its usual and customary meaning. Consequently, if the term "farmers" as used in a particular area is generally understood to include oyster planters, an administrative determination that such a person is a farmer would be legally supportable.

As you know, the Farm Credit Administration was confronted with this same problem many years ago. The production credit associations had authority under 12 U.S.C. 1131g to "make loans to farmers for general agricultural purposes and for other requirements of the borrowers." Apparently the Farm Credit Administration thought that this authority, which is very similar to the

Public Law 38 authority quoted above, did not authorize the making of loans to oyster planters. Accordingly, in 1934 Congress passed a special act giving production credit associations authority to make loans to oyster planters (12 U.S.C. 1131g-2). In connection with the debate on this bill, at page 10912 of the Congressional Record for June 6, 1934, Senator Barbour made the following statement:

"Mr. President, this bill has been suggested and approved by the Production Credit Administration of the Agricultural Credit Bureau so that oyster planters and growers who will be the ones benefited under this bill can be in the same category as is any agricultural group applying for a loan. These oyster planters have asked for a loan and need a loan, and the Department is perfectly willing to grant them proper financial assistance properly secured, but because of the fact that they are raisers of oysters and not agricultural products it was felt that the loan could not be granted because of the legal wording of the law."

While we have been unable to find any court decisions on the question of whether oyster planters have ever been held to be farmers, it appears that they are generally referred to as oystermen or oyster planters, rather than as farmers. We note that in a memorandum dated January 28, 1957, to the State director for New Jersey you concluded that farming in the usual sense consists of the production of crops, livestock and livestock products and does not include the production of fish or oysters or other marine life or products.

In 1959 the Farmers Home Administration and the Small Business Administration agreed that applicants engaged solely and primarily in the production of agricultural commodities would be considered as being engaged in an agricultural enterprise. It was said that this normally, but not always, would involve cultivation of land for the production of food and fiber. A number of examples were given of agricultural enterprises with respect to which financial assistance would normally be furnished by FHA and production credit associations if the applicants met all other eligibility requirements. Included in these examples was "Oyster planters by production credit associations, by law (12 U.S.C. 1131g-2)." From this language it appears to have been clearly understood that (1) oyster planters were eligible for production credit association loans rather than FHA loans, and (2) such eligibility arose out of the special act of Congress rather than from the general authority of production credit associations to make loans to farmers.

While there may be a clear distinction between farmers on the one hand and commercial fishermen, oyster planters have several characteristics of farmers. They often own the oyster beds or hold them under lease and they plant or "seed" the oysters, transplant them and "cultivate" and harvest them.

As indicated above, we think that the question of who is a farmer in a particular area is one primarily for administrative determination. However, in view of the fact that the Farm Credit Administration apparently considered it necessary to have special congressional authorization to make loans to oyster planters when it already had general statutory authority very similar to that contained in Public Law 38, we believe that the better view is that emergency loans to oyster planters are not authorized by that act.

R. F. KOEBEL.

**STATEMENT OF J. V. HIGHFILL, ASSISTANT ADMINISTRATOR;
ACCOMPANIED BY CHARLES C. BARNARD, DIRECTOR, BUDGET
AND STATISTICS DIVISION, U.S. DEPARTMENT OF AGRICULTURE**

Mr. HIGHFILL. Mr. Chairman and members of the committee, I am glad to be here. I would like to say that the Department has not taken a position on this particular bill or proposed legislation as we believe that the Department of the Interior would be in a better position to make a recommendation as to whether the Government should make loans to oysters planters. Therefore, we have not taken a position.

Mr. POAGE. They do not loan the money. It is your money and your people who put it up. You are in a better position to pass on it than someone else.

Mr. HIGHFILL. We are in the position that we do not know much about the oyster industry.

Mr. POAGE. That is right. And if you are not in a position to do so, I think it is perfectly proper for you to say so, but I do not understand the position of the Department in saying that the Department of Interior is in a better position to pass on whether we ought to make a loan than you are yourself. If that is a fact, then I have lost a great deal of confidence that I had in you, because——

Mr. HIGHFILL. At this point, Mr. Chairman——

Mr. POAGE. Do you think that the Department of Interior knows more about your business than you do?

Mr. HIGHFILL. No; I did not mean that. I am sorry if I left that impression. We thought that the Department of Interior would make a report on the bill.

Mr. POAGE. Nobody has asked the Department of Interior to do anything. Nobody has asked them to put up any money or to give up anything or to do anything.

Mr. HIGHFILL. We made a report, but we did not take a position on this.

Mr. POAGE. I know that.

Mr. HIGHFILL. Up to this point——

Mr. POAGE. If you do not want in, in this picture, I think it is perfectly proper for you to say so. I find no fault with your saying that it is something that you do not have any business getting into. There is nothing wrong with that. On the other hand, if you do want it, I think that you ought to say so.

Mr. HIGHFILL. We think that we did not have the necessary information to say what we would recommend on this bill. That is how little we know about the oyster industry.

Mr. POAGE. Do not tell this committee to go to the Department of Interior because we have no business with the Department of the Interior. We might as well call on the State Department.

Maybe we can find somebody else who knows something about oysters.

Mr. McINTIRE. In view of the reference to the Department of Interior, is it the assumption that it should be handled through the Bureau of Fisheries or the Fish and Wildlife Service, the emergency provisions?

Mr. HIGHFILL. We were under the impression that the Fish and Wildlife Service would be making a recommendation.

Mr. McINTIRE. Does the Fish and Wildlife Service join in the recommendation? Have you got a recommendation?

**STATEMENT OF HAROLD E. CROWTHER, ASSISTANT DIRECTOR,
BUREAU OF COMMERCIAL FISHERIES; ACCOMPANIED BY JOHN B.
GLUDE, CHIEF, BRANCH OF SHELL FISHERIES, DEPARTMENT OF
THE INTERIOR**

Mr. CROWTHER. We are somewhat handicapped in providing the information, too, because the Department does not have a position as yet.

Mr. McINTIRE. You have the same position as the Department of Agriculture?

Mr. CROWTHER. We do not have a departmental position. However, the Department has submitted a position on a similar bill. We testified on another oyster bill, H.R. 7336 sometime ago. I would be pleased to tell the committee what position we took on that and what developed in the testimony there.

Mr. POAGE. We will be glad to have you tell us.

Mr. CROWTHER. In H.R. 7336 there are two main provisions. One is to authorize loans to producers of oysters. And the second one is to give the Secretary of Interior authority to purchase stocks of disease resistant oysters.

In the departmental report we favored the acquisition of the disease resistant oysters. On the other hand, we felt that at that time, and our report was prepared in August, that we did not know enough about the possibility of developing disease resistant stocks to suggest that a loan fund be made available at that time.

Mr. POAGE. Do you at this time?

Mr. CROWTHER. In our testimony before the Merchant Marine and Fishers Committee, however, which was just about a month ago, we mentioned that there had been some significant developments since we prepared our report. Since that time the industry saw fit to take a chance with about 166,000 bushels of oysters and planted them in an area which was pretty heavily contaminated with the MSX organism which Congressman Downing mentioned. And they came out ahead.

The oysters not only survived, but they grew and they were harvested in 1 year.

Perhaps the oysterman may have profited a little bit from it but it indicated—perhaps some resistance has been developed in these oysters.

We believe that should this continue through the next year's planting, through 1963, that it would be well worth the chance to put in substantial quantities of oysters and replant them in Delaware Bay and Chesapeake Bay which have been overrun with this organism and that it would be the rebirth of the industry up there.

The Department has not taken an official position in favor of loan funds, but in our testimony we mentioned that since we have said in our original position we did not recommend the loan fund at this time that we thought that the conditions had developed since then which would make a loan fund well worth considering for the oystermen.

Mr. POAGE. The Department of Interior does not have any actual interest in any land there—there is no Federal land there, is there?

Mr. CROWTHER. No, under the Fish and Wildlife Act of 1956, though, we have pretty broad authority on all fishery matters.

Mr. POAGE. Fish move, they move from one area to another. And migratory animals move freely. Therefore, there is a kind of interstate commerce, as it were. But those animals that never get across the State lines, what business is it of yours?

Mr. CROWTHER. We work on inshore stocks as well, for instance, in the shrimp industry.

Mr. POAGE. Shrimp move in the ocean, and are caught in international waters or federally owned waters. Oysters, as I understand it, not one of them is in federally owned waters. They are all caught in territorial waters, is that not right?

Mr. CROWTHER. Yes.

Mr. POAGE. They cannot move across State lines, can they?

Mr. CROWTHER. The oyster larvae can. When the spawning occurs the oyster larvae can move and does move across State lines. This disease that is so prevalent there now has no respect for State lines, either. It has swept up the entire Delaware Bay and Chesapeake Bay.

Mr. POAGE. I know that. Neither does rust on wheat observe any State lines. It starts in my portion of the country and goes up into the hills in Don Short's district. The Department of Interior has not concerned itself about that. It is an agricultural problem.

What I am trying to find out is how does this become a problem, the problem that we have here, of the Department of the Interior. I do not care if you handle it or if the Department of Agriculture handles it, but how does it become your problem, anyhow?

Mr. CROWTHER. We think it is classified as a fishery product, and under the Fish and Wildlife Act that would become our consideration.

Mr. POAGE. How do you get hold of the fish? You get hold of fish because fish do move freely.

Mr. CROWTHER. This is not true of all fish. For instance, Haddock stocks are not with a State, but they confine themselves to a bank, to Georges Bank, for example.

Mr. POAGE. That is in international waters.

Mr. CROWTHER. That is right.

Mr. POAGE. That is not something like somebody owned on private or leased land. Am I not right that these oysters are all grown on land that is either owned or leased or under State law, somehow or other?

Mr. CROWTHER. That is right.

Mr. POAGE. It is not on Federal land, is it?

Mr. CROWTHER. No, it is not.

Mr. POAGE. That is the point. I do not know of any oysters that are grown on any Federal land. You get jurisdiction, for example, over land in the West because that is Federal land—not because they are grazing lands, but because it is Government-owned land.

Mr. CROWTHER. That is right. Of course, our interest is not in the land problem, but in helping the industries which are classified as fishery industries.

Mr. POAGE. Can we sum it up that you are willing to take the jurisdiction and you say that you do not know whether you want it or not—you are willing to take the oyster people and take care of them?

Mr. CROWTHER. If agriculture will provide us the funds we will.

Mr. POAGE. I did not understand that they had any. Why should they pay for it if you are willing to take them, to support them—that is all we are asking you.

Mr. CROWTHER. I think you mentioned earlier, sir, there is a provision in existing loan funds which is administered by the Department of Agriculture where some of our oyster planters and growers—

Mr. POAGE. Now, that is the Farm Credit Administration and it is not part of the Department of Agriculture. Under the law it is a separate agency. They do not handle Federal funds. They are handling cooperative funds. That is what they are handling. They have the same right to make a loan that the First National Bank has.

And they make it on about the same terms. As a matter of fact, the First National Bank would make a loan on cattle in Colorado, but that does not relieve us of the responsibility of making some provision for disasters out there.

Mr. CROWTHER. You are referring to the Farm Credit Association.

Mr. POAGE. I am referring to Farm Credit. It is not any more a part of Interior than Agriculture.

Mr. CROWTHER. Yes, sir. The funds in that case do not come from Interior.

Mr. POAGE. No. We do not want the funds to come from Interior. I gather that Agriculture does not want the funds to be coming from them.

Mr. HIGHFILL. That is correct.

Mr. POAGE. So it seems to me that everybody is willing to mean well, but nobody is willing to do anything about it.

Mr. DOWNING. Exactly.

Mr. McINTIRE. Does the Bureau of Fisheries do any research work on oysters?

Mr. CROWTHER. Yes, sir, we do.

Mr. McINTIRE. Do you carry on any research work under the act in connection with that?

Mr. CROWTHER. Yes, sir.

Mr. McINTIRE. Are you making any loans for the building of boats that are used in the oyster industry?

Mr. CROWTHER. I do not believe, sir, that there has been a loan to oyster planters. We do have a fishery loan fund which is designed for operation, maintenance, replacement and equipment of fishing gear, and vessels. I think all of those to date have been loaned out to the actual fin fish in contrast to shell fish.

Mr. McINTIRE. Under that act are shell fish eligible for loans? If an operator made an application and it was a sound loan, would he be eligible?

Mr. CROWTHER. We could for the vessel only, sir—not for the planting of the oysters. The fishery loan fund specifically mentions the vessel itself.

Mr. McINTIRE. I realize that.

Mr. CROWTHER. If the oyster planter needed a vessel repaired I would think that we could make a loan to him for that purpose. We could not provide him with money from the fishery loan fund for the purchase of oysters or for planting the oysters.

Mr. McINTIRE. You are closely associated with the oyster industry right now, are you not?

Mr. CROWTHER. Yes, sir; we are.

Mr. McINTIRE. Do you have any authority whereby you can make loans under emergency situations to anyone in the fishing industry?

Mr. CROWTHER. No, sir. Our only loan authority is in section IV of the Fish and Wildlife Act which is the fisheries loan fund.

Mr. McINTIRE. That is not an emergency?

Mr. CROWTHER. No, we require—we have fairly strict requirements in regard to collateral.

Mr. McINTIRE. Thank you.

Mr. GATHINGS. I would like to ask the Department of Interior witnesses or the Department of Agriculture witness, or both, whether you would have any objection to this legislation proposed by Mr. Downing.

I would like to know whether or not you oppose in the Department of Agriculture this legislation or you are not taking a position on it at all? Do you think it is good legislation?

Mr. HIGHFILL. As far as I know it is good legislation. We would not have any objection to assuming any responsibility that the Congress would give us, but as I said in my statement, to begin with, we do not now have the technical know-how regarding oyster farming. We are unacquainted with it. And up to now it has not been classified as farming.

So far as our emergency lending authorizations are concerned, we would have no objection to doing what we could to carry out any act that the Congress might give us with reference to the oyster industry. But we would have to call on people like the Fish and Wildlife Service for technical guidance and assistance in handling this type of loan.

Mr. GATHINGS. The Fish and Wildlife people just a moment ago stated that they would like to see loans in this emergency situation granted, provided that the Department of Agriculture furnished the funds—is that not about what you said?

Mr. CROWTHER. I believe that we said that we would be happy to administer them if we received funds from Agriculture. What I would like to point out is that the Department of Interior does not have an official position on this particular bill. On a bill that was similar to it, we took the position that we recognized there are severe problems in the oyster industry. We would favor the acquisition of the resistant stocks for transfer to the producers, but that at the time we prepared our report we suggested that we did not believe that the time had come yet for this loan provision.

Mr. GATHINGS. You recognize that there is a disaster down in Virginia?

Mr. CROWTHER. Yes, sir; that is right; we certainly do.

Mr. GATHINGS. But these folks who are engaged in the oyster business, who have suffered the disaster, need to get remedial loans.

Mr. CROWTHER. At the time we prepared our bill, which was in August, we could not see resistant strains of oysters coming onto the market very soon. As I mentioned earlier we have seen quite a change in the industry since then. And there, apparently, are resistant strains becoming available to the industry. I mentioned that we now looked with much more favor than we did in our original report on the assistance to the oyster industry in the form of loans.

Mr. GATHINGS. If the loan is made, though, it would be made through the Farmers Home Administration and would not be under the jurisdiction of the Fish and Wildlife of the Department of Interior.

Mr. CROWTHER. We would provide technical assistance to the Farm Credit Administration or to anyone who requests it, so far as oysters are concerned. We do this now in other areas—in the Area Redevelopment Administration program. When that is proposed; that is, loans that involve fisheries, they come to us for advice on the fishery matters, and we review these loans very carefully and give our opinion as to whether the loan should be made or whether it will help the industry.

Mr. GATHINGS. That is the information that you would want, is it not? The dollars would come to your Department, and you, of course, would want to administer it.

Mr. HIGHFILL. Yes, sir.

Mr. GATHINGS. The application would come in.

Mr. HIGHFILL. As I see it, any funds used out of the emergency credit revolving fund would have to be administered by the Secretary through the Farmers Home Administration.

Mr. GATHINGS. Thank you. That is all.

Mr. JOHNSON of Wisconsin. You mentioned that you provided a certain amount of oysters in the area.

Mr. CROWTHER. This was done by the industry itself.

Mr. JOHNSON of Wisconsin. By the oystermen?

Mr. CROWTHER. Yes, sir; 166,000 bushels.

Mr. JOHNSON of Wisconsin. Were they planted in areas where oyster farmers had leases and possession of them?

Mr. CROWTHER. Yes, sir.

Mr. JOHNSON of Wisconsin. Was any charge made to the oysterman?

Mr. CROWTHER. They pay for the lease each year, for the land, but they bought the oysters themselves.

Mr. JOHNSON of Wisconsin. There is nothing in the bill about the Government buying oysters?

Mr. CROWTHER. No, sir.

Mr. POAGE. Are there any further questions?

(No response.)

Mr. POAGE. If not, we are very much obliged to you.

Mr. STUBBLEFIELD. Do you carry on research work in laboratories on oysters?

Mr. CROWTHER. Yes, sir. We have one at Milford, Conn., also one at Oxford, Md. We do considerable work on oysters.

Mr. STUBBLEFIELD. Thank you.

Mr. POAGE. Are there any further questions?

(No response.)

Mr. POAGE. If not, we thank you again.

Mr. HIGHFILL. Thank you.

Mr. CROWTHER. Thank you.

Mr. POAGE. The committee will consider the bill.

Mr. DOWNING. Thank you very much, Mr. Chairman.

H.R. 9290

Mr. POAGE. We will now turn to H.R. 9290 by our colleague, Mr. Abernethy.

(H.R. 9290 is as follows:)

[H.R. 9290, 87th Cong., 1st sess.]

A BILL To amend the Soil Conservation and Domestic Allotment Act, as amended, and 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 7 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g), is further amended as follows: Subsections (b), (c), (d), (e), (f), and (g), and the subsection designation "(a)" are stricken out.

SEC. 2. (a) Subsection (a) of section 8 of said Act, as amended, relating to the period within which the Secretary is authorized to develop programs and make payments directly to farmers for specified purposes, is hereby repealed.

(b) The first sentence of subsection (b) of section 8 of said Act, as amended, is amended by striking out the words "Subject to the limitation provided in subsection (a) of this section, the" and inserting in lieu thereof the word "The".

(c) Subsections (b), (c), (d), (e), and (f) of section 8 of said Act, as amended, are redesignated as subsections (a), (b), (c), (d), and (e), respectively.

SEC. 3. References to sections 7 and 8 and subsections of sections 7 and 8 of the Soil Conservation and Domestic Allotment Act, as amended, shall be deleted, redesignated, or otherwise adjusted to conform with provisions of sections 1 and 2 of this Act wherever such references occur in the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 26, 1962.

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

DEAR MR. CHAIRMAN: This is in reply to your request of January 23, 1962, for a report on H.R. 9290, a bill to amend the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended.

This Department recommends that the bill be passed.

The bill would repeal provisions of sections 7 and 8 of the Soil Conservation and Domestic Allotment Act which authorize administration of the agricultural conservation program through State plans and grants to States and which limit the period of time in which the Secretary of Agriculture is authorized to operate the program on a national basis.

The program was first authorized in the Soil Conservation and Domestic Allotment Act of February 29, 1936, in the form of a grant-in-aid program to be operated through the States. At that time, the Secretary of Agriculture was authorized to administer the program on a national basis only until December 31, 1937, or such earlier time as the States passed enabling laws and submitted acceptable plans qualifying them for the grants-in-aid.

By the act of June 28, 1937, the authority of the Secretary to operate the program, pending approval of State plans, was extended through 1941. Since then, this authority has been extended eight additional times, for periods ranging from 2 to 5 years. The present authorization of the Secretary to operate the agricultural conservation program on a national basis will expire on December 31, 1962, having been extended for 4 years from December 31, 1958, by Public Law 85-553, approved July 25, 1958.

Only 25 States and the Commonwealth of Puerto Rico now have in effect State laws authorizing administration of this program. Moreover, only one State has ever submitted a plan, and this was disapproved by the Secretary on the basis of inadequacy.

There appears to be no desire on the part of the States to assume the responsibility that was anticipated in 1936 when the act was passed. The Department has worked with State governments over the years in an effort to create interest and to encourage State action in this respect. Following out the congressional policy expressed in the Agricultural Act of 1954, which amended section 8(a) of the Soil Conservation and Domestic Allotment Act to provide that during the period of Federal operation of the program "the Secretary shall carry out the purposes specified in section 7(a) as rapidly as adequate State laws are enacted and satisfactory State plans are submitted," this Department met with the Council of State Governments to discuss this matter. This conference failed to arouse any interest on the part of the States. We have received no indication since that time that any State has an intention of submitting a plan to operate this program.

It is our considered judgment that the retention of this unused provision which permits State operation of the program, coupled with the necessity of seeking a renewal of authority for the Secretary to administer it on a national basis through State, county, and local committees, creates a distinct disadvantage. On the other hand, the passage of the bill under consideration, placing the program on a definite Federal basis, to be administered as at present, would tend to strengthen its effectiveness as a national conservation effort and promote more efficient administration through the farmer-committee system.

The enactment of this bill will not require any additional program or administrative funds.

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.*

**STATEMENT OF HON. THOMAS G. ABERNETHY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MISSISSIPPI**

Mr. ABERNETHY. Mr. Chairman and members of the subcommittee, while my opinions may not be worth too much, I do not think it is necessary to make any unusual record on this legislation, because all members of the committee, particularly you, Mr. Chairman and Mr. Gathings have been here so long that you are quite familiar with them, in fact, all of the members are.

This bill extends the Soil Conservation and Allotment Act which will expire on December 31 of this year.

Mr. POAGE. And probably if we extend it, it will make it permanent.

Mr. ABERNETHY. I will get to that in a minute.

It was first authorized on February 29, 1936, and since that time it has been extended 8 times, from 2 to 5 years on each occasion. Four years ago legislation came out of this committee which made it permanent, but when it got over to the Senate, the Members of the Senate felt that they wanted to review it from time to time, and so they insisted on a 4-year extension and opposed the permanent extension.

I do not know that there has been any review made of the program. However, it is reviewed each year by our Appropriations Committee.

The Department has filed a very favorable report under date of February 26, 1962, which I would like to make a part of the record.

Mr. POAGE. That has already been made a part of the record.

Mr. ABERNETHY. Except as to the contents of this report I do not care to add anything else, except to say, Mr. Chairman, that this bill extends the act—it makes it permanent—and it withdraws or repeals from the present law the authority which provides that each State shall prepare a plan of conservation and, eventually, take over the operation of the program.

Only one State throughout all of the years has submitted a plan. And even that was rejected.

The Department feels, and I feel, and I think I am quite sure the committee would have the same view, that this is strictly a Federal program. It ought to be extended as such and I trust that the committee will so agree.

Mr. Chairman, I would like to say that this bill was introduced just before we adjourned last year. Since that time the administration's H.R. 10010 has been submitted to the committee, and a comparable provision is included in that legislation. So if the committee sees fit to report this bill I assume that it would be reported only in the event something might happen to H.R. 10010, between here and the floor of the House of Representatives.

Thank you.

Mr. POAGE. Thank you very much, Mr. Abernethy. I think we might call attention to the fact that the report Mr. Abernethy refers

to recommends that this bill be passed without any qualifications. I believe that there is someone here from the Department, Mr. Ritchie, I believe, is here.

STATEMENT OF FRED RITCHIE, ASSISTANT DEPUTY ADMINISTRATOR FOR CONSERVATION, ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. RITCHIE. Mr. Chairman and members of the committee, I have no statement. I will be glad to answer any questions.

Mr. POAGE. You recommend it?

Mr. RITCHIE. The Department recommends it.

Mr. POAGE. Are there any questions?

(No response.)

Mr. POAGE. If not, we are very much obliged to you, Mr. Ritchie; and we thank you, Mr. Abernethy.

Mr. ABERNETHY. Thank you.

H.R. 10374

Mr. POAGE. We will now pass to H.R. 10374, which is a bill by Mr. Cooley, to amend section 6 of the Agricultural Marketing Act, as amended, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives. I believe that Mr. Heitz, Deputy Governor and Director of Cooperative Bank Service of the Farm Credit Administration is here on that.

(H.R. 10374 is as follows:)

[H.R. 10374, 87th Cong., 2d sess.]

A BILL To amend section 6 of the Agricultural Marketing Act, as amended, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Agricultural Marketing Act, as amended (12 U.S.C. 1141d), is amended by adding the following sentence at the end thereof: "Effective upon enactment of this sentence the sum authorized to be appropriated for the aforesaid revolving fund is reduced from \$500,000,000 to \$150,000,000 and any amount in said fund in excess of \$150,000,000 (including any amount thereof used to purchase capital stock in the central and regional banks for cooperatives) shall be credited to miscellaneous receipts of the Treasury."

Mr. POAGE. We will be glad to hear from you now.

STATEMENT OF GLENN E. HEITZ, DEPUTY GOVERNOR AND DIRECTOR OF COOPERATIVE BANK SERVICE, FARM CREDIT ADMINISTRATION, ACCOMPANIED BY PAUL O. RITTER, GENERAL COUNSEL, FARM CREDIT ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE

Mr. HEITZ. I have Mr. Paul O. Ritter with me, Mr. Chairman, and with your permission I have a prepared statement that I would like to read to you.

Because of travel commitments made before this hearing was set, Governor Tootell could not be here and has asked me to testify for the Farm Credit Administration on H.R. 10374. He asked me because the bill concerns the banks for cooperatives, which make loans to farmers'

cooperatives and are under the general supervision of the Cooperative Bank Service of which I am Director.

The purpose of H.R. 10374 is to reduce the amount of the revolving fund in the Treasury which is available for the Governor of the Farm Credit Administration to purchase class A capital stock in the banks for cooperatives. This revolving fund originally was authorized and established at \$500 million under section 6 of the Agricultural Marketing Act of 1929 for the purposes of the Federal Farm Board. By 1933 the affairs of that Board were being wound up and the administration of the fund passed to the Farm Credit Administration. When the banks for cooperatives were established, also in 1933, what remained in the fund was made available for the purchase of capital stock in such banks. The cash available in the fund in 1933 plus the amounts subsequently realized by the Farm Credit Administration from the liquidation of the other assets of the fund eventually totaled \$185,918,743.10. This is the amount now in the fund and is the maximum amount ever made available for subscriptions to the capital stock of the banks for cooperatives. Under the proposed bill, \$35,918,743.10 of the cash in the fund would be credited to miscellaneous receipts of the Treasury, which would reduce the revolving fund to \$150 million.

At the present time \$106,817,000 of the fund is invested in the capital stock of the banks for cooperatives. Each year since the Farm Credit Act of 1955, as the borrowers from the banks for cooperatives acquire more capital stock in the banks, an equivalent amount of the Government-owned capital stock is retired and the proceeds of such retirements are returned to the revolving fund. These repayments and any other cash in the fund continue to be available for further subscriptions to the capital stock of the banks for cooperatives as the Governor may determine is required for the purpose of meeting the credit needs of eligible borrowers from the banks. The last use of the fund to purchase capital stock in a bank for cooperatives was during World War II to help finance the processing and distribution of food and fiber for the war effort.

It may be helpful to review how the proposed reduction in the revolving fund may affect the potential lending capacity of the banks for cooperatives. The loan funds of the banks for cooperatives are obtained primarily through the sale of consolidated debentures to the investing public. Under the law, the total amount of debentures which may be outstanding at any one time may not exceed eight times the capital and surplus of the banks (12 U.S.C. 1134m). Based on their present capital and surplus and the additional capital which could be provided from the cash now on hand in the revolving fund, the banks could issue consolidated debentures in an amount which, together with such capital and surplus, would give them loanable funds of approximately \$3 billion. If the revolving fund is reduced by \$35,918,743.10, as proposed, the potential funds for loans would be reduced to approximately \$2.7 billion. This amount is about four times the peak loans of \$683 million outstanding during the fiscal year ended June 30, 1961. In the circumstances, it is thought that reducing the revolving fund to \$150 million should not impair the capacity of the banks for cooperatives to continue to meet the credit needs of eligible farmer cooperatives in the reasonably foreseeable future.

The Farm Credit Administration has recommended the enactment of H.R. 10374 and we hope that the committee will act favorably on it.

Mr. POAGE. Thank you very much, Mr. Heitz.

Are there any questions? It is so unusual to have a witness present who is requesting a reduction in funds rather than an increase. I think that the committee is very much impressed with your statement. We are very much obliged to you, Mr. Heitz. Thank you very much.

Mr. HEITZ. Thank you.

H.R. 10708

Mr. POAGE. We now have a bill which I introduced, H.R. 10708, which provides to amend section 203 of the Rural Electrification Act of 1936 with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. We have Mr. Renshaw, Assistant Administrator for Telephone of the Rural Electrification Administration, with us today.

We shall be glad to hear from you now.

(H.R. 10708 is as follows:)

[H.R. 10708, 87th Cong., 2d sess.]

A BILL To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sound, signals, pictures, writing, or signs of all kinds through the use of electricity

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended by striking out subsection (a) thereof, and inserting in lieu thereof the following:

"(a) As used in this subchapter, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 153(o) of title 47 (section 3(o) of the Communications Act of 1934, as amended)."

**STATEMENT OF E. F. RENSHAW, ASSISTANT ADMINISTRATOR
FOR TELEPHONE, RURAL ELECTRIFICATION ADMINISTRATION;
ACCOMPANIED BY WALTER L. WOLFF, DEPUTY ASSISTANT
ADMINISTRATOR; AND LOUIS GORRIN, OFFICE OF GENERAL
COUNSEL, RURAL ELECTRIFICATION ADMINISTRATION, U.S. DE-
PARTMENT OF AGRICULTURE**

Mr. RENSHAW. Mr. Chairman and members of the committee, I am Frank Renshaw, Assistant Administrator, REA, in charge of REA's telephone program. I am a 1939 graduate of Mississippi State College, with a degree in electrical engineering. I began work with REA in June 1939 and have since 1951 been working in REA's telephone program.

The following telephone program data may be of interest to the committee. As of January 31, 1962, REA has made loans totaling approximately \$860,500,000 to 771 telephone companies and cooperatives located in 45 States and the Virgin Islands. Of these, 559 are commercial companies with loans totaling about \$562,150,000, and 212 are cooperative-type borrowers with loans totaling \$298,350,000. As

a result of these loans 876,000 rural subscribers will receive improved service and an additional 800,000 rural families will receive service for the first time.

I appear today, at the committee's request, to discuss H.R. 10708, a bill which would amend the definition of "telephone service" as it appears in section 203 of the Rural Electrification Act. Because of the short notice given of today's hearing, there has been no opportunity to submit a departmental report on the bill or to determine, in accordance with usual procedures, its relationship to the administration's program.

In the summer of 1961, a number of REA telephone borrowers inquired as to the possibility of REA financing facilities to be used for delivery of educational telecasts to school systems located in their service areas. These inquiries came primarily from systems in South Carolina although other States indicated interest.

When this problem was presented to us, we inquired of the General Counsel's office as to REA's authority to finance local distribution facilities used for educational television. Our lawyers advised us that under the definition of "telephone service" in the present law, the only communication facilities which REA may finance are those in which "voice communication through the use of electricity * * * is the principal intended use." Consequently, communication facilities are excluded if they are intended solely for nonvoice communication, or for both voice and nonvoice communication where voice is not the principal element. Also expressly excluded by the definition are "telegraph services" and "radio broadcasting services," which as defined in the Communications Act of 1934 includes television broadcasting. H.R. 10708 would extend the communication facilities which REA may finance to those furnishing any type of communication service through use of electricity, including transmission of sounds, pictures, writing, signs and other data, as well as of voice. There would continue to be expressly excluded from permissible financing, as at present, all telegraph and public radio or television broadcasting facilities.

Counsel's interpretation was communicated to the interested borrowers. They expressed the view that REA-financed telephone systems should be able to render, in the rural areas they serve, the same service that other telephone utilities offer. It is our understanding that enactment of the pending measure is sought to achieve this and thereby to place REA-financed systems on technical and competitive parity with other segments of the industry. H.R. 10708 will, we believe, resolve any question as to REA's authority to finance the local distribution facilities intended for use primarily in educational television. The bill would possibly permit also the financing of other types of service, such as data transmission, facsimile reproduction, and other photographic transmissions, all of which are services commonly rendered by telephone companies. I would like to emphasize that H.R. 10708 would not open up a new field of REA financing for a new industry but would be a matter of enabling REA to take care of its telephone borrowers' needs in providing a service which telephone organizations will normally be called upon to provide.

Mr. Chairman, I failed to introduce the people I have with me. On my right is Louis Gorin, from the Office of the General Counsel, and on my left is Mr. Walter L. Wolff, Deputy Assistant Administrator for the telephone program.

Mr. POAGE. Mr. Renshaw, as I understand it at the present time those who borrow from you are not able to carry out all of the telephone functions as those who borrow from commercial banks are able to do; is that right?

Mr. RENSHAW. That is right.

Mr. POAGE. Is it not true that one company may make a loan to provide rural services as an extension of the existing services and, in effect, provide these services on part of their lines, and then not have the right to provide them on lines on which you hold jurisdiction?

Mr. RENSHAW. That is true. They can provide only the type of service that we normally call conventional service through voice communication.

Mr. POAGE. On that part of the system which already is in operation before you made them a loan, they may finance these improvements through some other source. On those lines on which you have loaned they can transmit the educational broadcasts or any of the other species of transmission that are named here, as I understand it?

Mr. RENSHAW. That is right.

Mr. POAGE. Nor can they use their lines to transmit commercial telegraph?

Mr. RENSHAW. That is true.

Mr. POAGE. Even after the passage of this bill?

Mr. RENSHAW. That is exactly right.

Mr. POAGE. In other words, television, that is, commercial television and telegraph companies will not be in competition or have competition from these sources?

Mr. RENSHAW. Yes, sir.

Mr. POAGE. Educational television could move over these lines; facsimile and those kinds of things?

Mr. RENSHAW. Yes, sir. It would require a different type of facility, though. We could not use the conventional telephone wires or cables for educational television, but with additional authority to finance, we can provide other facilities, such as coaxial cables, microwave, et cetera.

Mr. POAGE. Even if they have that on part of their system they cannot put it on the lines you finance?

Mr. RENSHAW. That is right.

Mr. POAGE. So that the people who are on those lines which are financed by REA presently are denied the opportunity to get these services that are available on the lines that are not financed by REA?

Mr. RENSHAW. That is true.

Mr. POAGE. Even in the same company?

Mr. RENSHAW. However, we have not made loans to companies that already have this type of facility. This is a fairly new facility. I do not know of any of our present borrowers who are now providing educational television facilities. The normal borrower which we already have would under this bill be able to come to the REA and obtain loans for financing educational television facilities.

Mr. POAGE. There is nothing, however, to keep a borrower from getting in exactly the same situation that I described?

Mr. RENSCHAW. That is true. If the telephone company that came to us already had television facilities and got a loan we could not expand those facilities under the present act, but under this bill we could lend them money to expand those facilities.

Mr. POAGE. As we see into the future these things are going to develop—I see no question but what they will and it seems for the future quite probable in the substance of this bill you will have two types of rural services, that financed by the REA and that which is not financed by the REA. And that financed by the REA will be restricted, so that they cannot provide these services?

Mr. RENSCHAW. That is true.

Mr. POAGE. They will be able to give this service, even though the facilities are owned by the same company?

Mr. RENSCHAW. That would be true.

Mr. POAGE. If it is educational?

Mr. RENSCHAW. Yes.

Mr. POAGE. Are there any other questions?

Mr. McINTIRE. If I understand correctly what you are saying here is that you want the REA to be authorized to move over from the paid service on telephone loans to coaxial cables and microwaves?

Mr. RENSCHAW. Yes. We do not now have authority to finance educational TV, whether it be through microwave or coaxial cable. Under this bill our borrowers, the existing borrowers and the new borrowers, would be able to come to the REA and obtain financing for a service which they are called upon to provide, and which we cannot now finance under the present law.

Mr. McINTIRE. This service is not over the land lines—this is a service which is new, for which new facilities and a different type of service than most of the lines you have now?

Mr. RENSCHAW. Yes, this is true. This type of service normally is furnished from city to city. We call it microwave radio. We are not particularly concerned with the REA financing that particular type of service, but when it reaches a borrower service area—the local distribution system for educational TV—that would be the point at which the REA financing would come into play. And, of course, those facilities would consist, perhaps, of closed circuit coaxial cable, and in some instances possibly closed circuit microwave facilities.

Mr. McINTIRE. And your interest lies only in those areas where REA for all practical purposes is the community system in the community?

Mr. RENSCHAW. That is exactly correct, sir.

Mr. McINTIRE. And your interest is that if there is additional TV, it may be made available for specific channels and not specifically to closed circuit; is that right?

Mr. RENSCHAW. Well, I would like to answer that this way, that we would not be involved in it unless it is closed circuit because under your broadcasting limitations even under this bill REA would not be able to participate in financing broadcasting of an educational TV system even in the area of our borrowers. That would be done by a broadcasting company.

Mr. McINTIRE. Well, in that event, isn't it a fact that there are some areas for some residents where REA telephone service is for all practical purposes the only telephone service?

Mr. RENSHAW. That is right.

Mr. McINTIRE. And this service by closed circuit or coaxial cable, the distribution of that communication would be within the community in that area?

Mr. RENSHAW. Yes, sir; that is correct.

Mr. McINTIRE. Not long-distance transmission?

Mr. RENSHAW. No, sir.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. SHORT. I still cannot get the picture of REA under the provisions of this bill. REA has telephone lines out to each customer. Is it proposed under this bill to give REA authority to build the local broadcasting facilities?

Mr. RENSHAW. No, sir. We now have facilities rendering voice communication to subscribers located within an area that has been assigned to a particular borrower. Along comes educational TV which is not principally voice communication and which we cannot finance, but that service is provided to schools or, perhaps, to educational centers—

Mr. SHORT. May I interrupt you right there? This educational TV is going to be broadcast on a channel of its own; and is that going to be available to everybody within the range of that broadcasting station?

Mr. RENSHAW. No, sir. It will be on a frequency that is not normally the type of broadcast TV which we recognize here in Washington. It will be on a different frequency than you and I would be able to receive.

Mr. SHORT. You mean that the normal set would not pick this up, is that it?

Mr. RENSHAW. Yes, sir; that is correct. It is a closed circuit in itself, in that there is a microwave radio relay from, say, the city of Columbia, S.C., down to perhaps a couple of hundred miles down the State to another pickup station which may be at the exchange of one of our borrower systems.

Well, the borrower will pick that up at that point and distribute the signal to schools scattered over the exchange area. It is not the type of television that anyone could tune in on. It is a closed circuit system that would not be picked up by anyone other than those who are connected.

Mr. SHORT. Well, then, this is not going to be a service that is available to all the people that will be served by your telephone lines; is it?

Mr. RENSHAW. Through the schools; yes, sir.

Mr. SHORT. Just to the schools within that area?

Mr. RENSHAW. That is right. No individual subscriber would be able to pick this up unless he were also tuned in, that is, if he actually had a cable running to his premises, which is not likely. There might be some of that but not a great deal.

Mr. SHORT. Does this involve a cable line?

Mr. RENSHAW. Yes, sir, a coaxial cable from the point of distribution, or from the point that it is picked up at the exchange center, out to the school or to whatever center this educational TV is to be picked up. It is primarily an educational tool for the purposes of improving our educational techniques and educational processes and also for pro-

viding teachers in those places of a caliber that could actually conduct the educational process in a most efficient manner.

Mr. POAGE. Would you yield?

Mr. SHORT. Yes.

Mr. POAGE. I am just wondering if Mr. Short does not have the same situation in his State as we have in my State. We have many cities in west Texas where they have to set up high towers to get TV, where they carry in the programs through the coaxial cable for the town to get the programs to the individual set.

Now what you are proposing to do, as I understand it, is basically to provide the same service over a larger rural area to these places where it is not possible now because it would not be economically feasible for the individual to subscribe to the service?

Mr. RENSHAW. That is correct; that is true.

Mr. POAGE. But it would be that same type of service which is provided by these people who build these towers which are 200 and 300 feet high, and because they serve a number of people for a fee, perhaps, they are able to finance these tall structures whereas for an individual it would be something he could not undertake on his own, and so they get programs in an area from Fort Worth or Dallas that otherwise they could not get.

Mr. RENSHAW. Except that the example you give, as I understand it, might be considered public television broadcasting in which case we would not be able to finance it.

Mr. POAGE. Well, I know you will not be able to finance broadcasting.

Mr. RENSHAW. But on the other hand we would be able to finance facilities for an educational TV system which is in effect a closed circuit system out to a point—it is intended primarily for service to schools and to educational centers, not to customers like I would be here in Washington.

Mr. POAGE. I know, but the schools could not pick up these programs even if they had the instruments because they would have to build the tower, this high tower?

Mr. RENSHAW. That is right.

Mr. POAGE. Whereas these gentlemen can build one tower and use it to transmit by means of these cables which you run on the telephone line out to these schools using these tools, which I believe is the word you used, which individuals normally would not be able to pay the fee which is necessary; however, if they could, you would not have any objection to an individual if he wanted to pay for it?

Mr. RENSHAW. That is true. The studios and the teachers and the transmitting apparatus as well as the microwave stations that transmit these educational programs to vast distances, all of that is very expensive, too much so for an individual subscriber. However, I believe that in Washington there is channel 26 which you can receive by buying an adapter to your television set. But that is in a congested area. We are talking about getting this out into the rural areas.

Mr. POAGE. But out in those areas we are speaking of, even if they bought an adapter, even with the adapter they could not get signals without building a tower also?

Mr. RENSHAW. That is right.

Mr. POAGE. And so that is the idea, that these telephone systems, whether they are co-op or privately owned, will build this tower and they will serve a number of schools as their primary market?

Mr. RENSHAW. That is right.

Mr. POAGE. And I assume, or they assume that they will be serving a dozen or so, they probably will have to serve that many to justify it; would they not?

Mr. RENSHAW. That is true. I know one system in the Carolinas where they would have 45 schools in the service, scattered over an area of several exchanges.

Mr. POAGE. And the more of those that you could put on, the cheaper?

Mr. RENSHAW. That is true.

Mr. POAGE. And the private telephone companies cannot, but—well, these telephone companies that do not borrow from you, they can do that now?

Mr. RENSHAW. Yes, sir.

Mr. POAGE. But your borrowers cannot do it?

Mr. RENSHAW. That is correct; we cannot finance it.

Mr. JOHNSON of Wisconsin. Mr. Chairman.

Mr. POAGE. All right, sir.

Mr. JOHNSON of Wisconsin. Isn't it true that they can afford to transmit it to the schools because you have telephone lines available to do that, into that area?

Mr. RENSHAW. That is right. These areas are normally certificated by the State commissioners so that the telephone company serving that particular area is responsible and obligated to provide whatever telephone service is needed. And if an REA borrower has an order by a State regulatory body to supply a service that he cannot obtain financing for, then we have the predicament that we are in now.

Mr. POAGE. Mr. McIntire?

Mr. McINTIRE. May I make a comment on that point? In New England the educational programs are on the regular channels and so all anybody has to do is to turn his set on to the regular channels on his regular set.

Mr. RENSHAW. You will have some of that but it won't be everybody because—

Mr. McINTIRE. We have that now.

Mr. RENSHAW. Yes, sir; and you will have more and more of it. The only limitation is on the number of channels that they can get. Under the closed circuit television that we are talking about we are thinking in terms of one to four channels for each school, perhaps, but we do not now have the facilities for broadcasting to provide the number of channels we anticipate. Perhaps you might have one or two or three channels in a city over here [indicating] that may reach out and provide, say, two programs here [indicating]. But we are thinking in terms of some growth—but it is not going to be able to grow in the rural areas, at least at the present time, and it would appear to be quite expensive to provide that type of broadcast facility for nationwide distribution where everybody could pick it up; it would be almost an impossibility.

Mr. McINTIRE. I suppose it is not true in other areas but in our case, the FCC has reserved a channel for educational television use?

Mr. RENSHAW. I believe that is true.

Mr. McINTIRE. And they can get it on a regular band.

Mr. RENSHAW. That is correct, and where you have that condition then REA will not enter into the financing of broadcast educational TV facilities.

Mr. POAGE. Also, if they are broadcast, then there will be no demand for your proposition because no one will want to pay for that.

Mr. RENSHAW. That is right. Where we have the closed circuit educational TV by land lines and point to point microwave relay radio, there will be a demand in the rural areas all over the country, not all parts of the country but numerous parts of the country where the telephone companies will be expected to provide this type of service.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes.

Mr. SHORT. Mr. Renshaw, we passed a bill a few days ago in the House authorizing Federal participation in educational television. This bill, as I recall, would lend assistance in the field of material being broadcast. What you are doing here is attempting to provide better facilities for bringing about the distribution of these educational TV programs—improving the distribution. Now let me ask you this. Can these cables, that have to be extended out to these schools, be installed on telephone lines?

Mr. RENSHAW. On existing poles or underground, and wherever they can be placed underground they will normally be placed underground. Where you have to add additional cable because of weight and other—

Mr. SHORT. That is the point I am getting at. Couldn't they be put on the existing telephone poles?

Mr. RENSHAW. No, not if you did not have the proper pole height and the proper pole strength and it was specifically designed so that it could be done. I dare say there will be some instances where we are only using a single coaxial cable which is about the size of my little finger, you might pole mount that. But in other instances where you have some of these cables which will be a larger size, you probably would not be able to put this on the normal type of telephone line.

Mr. SHORT. Well, let me ask you this. Mr. McIntire just mentioned these educational TV programs which were on regular channels, channels available for regular TV sets. As educational TV grows and the use of it and the need for it expands, isn't it conceivable that there are going to be channels reserved everywhere so that the kind of distribution we are discussing may not be necessary?

Mr. RENSHAW. That is true, in the cities where the FCC will reserve various frequencies, then you can actually achieve educational TV through regular broadcast methods as we now know television. But the thing we are talking about here now is not under an FCC license in order to distribute it through closed-circuit television.

In other words, these are closed circuits, so they will not interfere with anybody else anyway and nobody else will be able to tune in on them except the schools in the area that receive the particular service. So the closed circuit will not interfere with the FCC allocations of various frequencies for broadcast TV of any description.

Mr. POAGE. If you will yield—

Mr. SHORT. Yes.

Mr. POAGE. As I understand, and I am asking if you also so understand, these educational programs actually originate at a relatively few points in the United States.

Mr. RENSHAW. That is right.

Mr. POAGE. And the problem of getting them out into areas such as the Dakotas, there you will find the same thing that you run into in parts of Texas. First, there are not many points there where you could originate any such programs of this kind, is that not right?

Mr. RENSHAW. That is true.

Mr. POAGE. Whereas on the other hand in New England it may actually be developed along up in there and moved a long distance by these microwave services, and to get those into these other areas, it cannot be taken directly by the TV set that you own or I own in our house; it has to go into somebody's system such as the one that you contemplate here and be delivered by the manner you are suggesting here and then the delivery would be limited to schools, again, because of the cost and would not be made to individuals. It could be delivered to individuals but it would be too costly. And what you are trying to do is to enable these people who are out of the reach of commercial broadcast facilities to get these programs even though they are a long ways out in the country?

Mr. RENSHAW. That is a good explanation, Mr. Chairman.

Mr. McINTIRE. Let me ask you this, sir. How far are we removed from being able to step into a TV shop and buy an all-channel set? It is my understanding that the additional cost at this time is in the neighborhood of \$35 for an adapter. In fact, not too long ago I checked for an adapter on my own set. But I am also advised that this is a development where we are about ready to move into a commercial basis, on all-channel sets and where the prices will become nominally higher, if at all, above the present cost of a set. What is your view on that?

Mr. RENSHAW. I could not answer that, Mr. Congressman. I am not too familiar with just what the status of that is at the present time.

Mr. POAGE. Well, it is true, is it not, Mr. Renshaw—and maybe I don't understand this and so I ask—that even though you have an all-channel set, when you are out beyond the periphery where broadcast reaches you, then it does not do you any good to have an all-channel set unless somebody is going to bring you those waves that you speak of, and if you are beyond the reach of those waves you were speaking of and I will take as an example, say, Charleston or Columbia, where you are going to have this system, where they can only broadcast now, say, 200 miles or they probably don't even reach 200—

Mr. RENSHAW. That is correct.

Mr. POAGE. They cannot do that without these very tall antennas and what you are doing is simply extending that reach.

Mr. RENSHAW. That is correct, getting out service from city to city with the microwave radio and then from that point, picking it up with this local distribution system. Otherwise these people would not be able to pick up that broadcast from this originating point, and you are correct, regardless of what you have, even though you do have all-channel sets, you would not be able to receive this program.

Mr. McINTIRE. That would be because all-channel sets are capable of picking up only signals from all-channel projections.

Mr. RENSHAW. That is right.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. SHORT. So we get to this point, it seems to me, and I am thinking in my own area—where there is room for these broadcast facilities, and if there are people enough that can be reached so as to justify the construction of the broadcast facilities, the facilities will be built. Then it is going to become extremely expensive to extend these cables out to the schools in an area where there are no broadcast facilities—I am thinking of my own area where there are rural schools miles and miles apart where in fact we don't have telephone service. So we are thinking a long ways ahead. It seems to me that maybe in terms of cost of reaching these schools in these sparsely settled areas, that if you want to reach them, that the broader availability of channels in the broadcasting approach is going to be cheaper than thinking in terms of installing a direct cable.

Mr. RENSHAW. That may well be true in some areas and it may not be feasible in certain other areas to provide this type of service that we are talking about. On the other hand it will be feasible and perhaps the only way in other areas. And so the only way you can determine whether or not broadcast educational TV is better is to make engineering studies to determine not only the economics but also the physical characteristics involved, as to whether or not ETV cannot be accomplished better by broadcast or through closed circuit methods.

So there will be instances where educational TV, particularly around rather highly populated areas such as Bismarck or Grand Forks or Fargo, may be achieved through the broadcast method. But you might also be able to pick up a different educational TV signal, say in Bismarck or some other location, and there you are going to find a lot of the schools that are to be served there are located in communities and out in rural areas. We would have facilities in these towns which could be used along with the coaxial cables to get this service to the towns so as to serve the REA borrowers service areas. We may not be able to go out so far into the rural areas, if they are 25 or 30 miles away from these towns. They may not be able to afford the particular service which the town itself might be able to afford.

Mr. SHORT. The reason I was thinking along these lines is that there are places in my area at home where they do not have telephone service but we do have available to us TV broadcasts.

Mr. RENSHAW. That is true.

Mr. SHORT. And from two or three different points.

Mr. RENSHAW. That is right. And as I say it may be that through the combination of broadcast television, which we will not have anything to do with, and closed circuit television which we could finance under this bill, between the two of them we would get that much more of the job done.

Mr. SHORT. I am not trying to quarrel with this idea, I am just trying to get more enlightenment of what is involved.

Mr. RENSHAW. I understand. And it is a complicated thing.

Mr. POAGE. It is not complicated to this extent, that unless we do this, there will be areas in this country that will get this service and

other areas that will not get it. That is what it boils down to, isn't it?

Mr. RENSHAW. Yes, sir; that is correct.

Mr. McINTIRE. Do I understand that what is intended is that this would not be authorizing legislation that permits the tie-in of one cooperative with another to make a network of services? This really intends simply to provide the area now served with the authority to extend its service so that it will encompass these other areas, is that not correct?

Mr. RENSHAW. Well, Mr. Congressman, there will be instances where, say, we have a borrower or we have two borrowers real close together like this [indicating], and the signal is picked up in this direction [indicating] and it will be distributed here and it might conceivably be possible to extend that circuit into a number of areas, to come over into these areas of another borrower—but not a network as we would know it, but there may be some crossing over from one borrower system to another or one telephone company to another in the process of providing this service in as cheap a way as possible.

Mr. McINTIRE. And this amendment, am I correct in assuming that we are amending the bill only to broaden the basis for the eligible telephone companies?

Mr. RENSHAW. Yes, sir.

Mr. McINTIRE. It would not simply establish other groups for this particular service when they are not providing the telephone service already?

Mr. RENSHAW. That is correct.

Mr. POAGE. There would be no way under this bill whereby anybody could get loans from REA except on the basis of the need for telephone service and then if they establish the need for telephone service it could include this kind of facility in the facilities provided?

Mr. RENSHAW. I would say definitely that the normal use of this type of financing would be by telephone companies that already provided the conventional type of telephone service.

Mr. POAGE. And this would not broaden your authority.

Mr. RENSHAW. No, we would not expect any broadening of authority.

Mr. POAGE. I am not talking about your expectations. This bill does not broaden your authority, does it?

Mr. RENSHAW. No. We cannot make loans to telephone companies except those eligible under the act.

Mr. POAGE. That is right.

Any other questions?

Mr. DOLE. If I may, Mr. Chairman. Would there be some particular points where you might come in and provide educational TV in an area where you did not provide modern dial service to the detriment of the area? In other words, would you use funds to provide ETV and not have funds to provide an area with good modern dial service?

Mr. RENSHAW. If I understand your question, sir, no, sir. I cannot conceive of that because in order to serve in an area, in most States, you must have a certificate of an assigned territory. I don't believe it would be possible to go outside and provide this service without also providing the conventional telephone service.

Mr. DOLE. I mean in places where you have adequate telephone service, they made requests for this type of service, there may be areas where they don't have adequate telephone, modern telephone service—may you make a loan to them and deny a loan to the others?

Mr. RENSHAW. Under the act we are obligated to provide area coverage service and adequate service in any area where we make a loan, so I take it under this bill as well as under the existing act, our area coverage obligation would still apply.

Mr. DOLE. Have you had inquiries or have you had applications for loans?

Mr. RENSHAW. Not applications as such. We have had many inquiries as to whether REA could finance this type of facility but actually we have told them from the beginning we don't believe REA had the authority to finance this facility. Consequently there have been no actual applications filed for loans of this type.

Mr. DOLE. Have you any suggestion as to what the loans might be under this provision if you had the authority, in dollars?

Mr. RENSHAW. No, sir. We have not done that. It would be rather difficult because the program is just now beginning to develop. It is going to take some time before it reaches the point where—not many of the States have developed their educational TV programs to the extent that we have already, say, in South Carolina. We have not made studies that would indicate in any way or to estimate the impact in terms of dollars.

I do not feel that for the next few years it would amount to a great deal because it is going to take time for these programs to get established. But it is coming. In the next 7 to 10 years, there will be a lot of educational TV and a lot of it will be through the broadcast method, which we will not be involved with, and also a lot through closed circuit, which we will get involved in to the extent that our borrowers are asked to provide this service.

We have 771 borrowers at the present time. Not all of them will be called upon to provide this service, perhaps, in the foreseeable future many of them will be.

Mr. POAGE. Any other questions?

Mr. McINTIRE. Mr. Renshaw, I am going to refer you to the bill, to line 7. Coming back to the colloquy we had a few minutes ago, I would like to comment that the bill says there that the act is to be amended by striking out subsection (a) and putting in the following, a new paragraph (a):

As used in this subchapter, the term "telephone service" shall be deemed to mean any communication service * * * and shall include all telephone lines, facilities—

and so forth.

Now, we were raising the point that loans would be made only to those private companies and cooperatives who were engaged in the telephone business. But this language would permit lending funds, would permit initial loans to be made for other services, rather than just for the improvement or the expansion of the telephone service?

Mr. RENSHAW. I believe it would, but I would like to ask—

Mr. POAGE. Except, if I may interrupt, that under the present law you can make the loan under certain restrictions and—

Mr. RENSHAW. Mr. Congressman, I don't know whether your question was predicated on the fact that service was already there or not there. But you had in mind, perhaps—suppose we had 45 schools in an area that wants ETV. Would your question be whether another company could organize and get a loan just to provide ETV facilities along with this other company that was providing conventional telephone service? I believe the answer would be no in the instances where the Commission had already awarded a certificate, say, to the first telephone company that was already in there. It would not be possible without the Commission finding that it was in the public interest for a second company to organize and obtain a loan.

I don't believe that you would have a condition like that prevailing.

Mr. POAGE. Well, I cannot see how you could ever possibly find anyone establishing a telephone company, private or cooperative, simply to render this service. Where would there be any profit, if that is the only business it is to be in? The cost would be out of proportion to the income; isn't that correct?

Mr. RENSHAW. I agree with that, Mr. Chairman.

Mr. McINTIRE. Well, the point I was trying to develop was that this language does not restrict you to simply making supplemental loans to someone already in business but would permit your making an initial loan to a company other than one already in the telephone business. Do you feel that it would permit your making that loan only to a company already in the telephone business, is that the way you feel it would be?

Mr. RENSHAW. Yes, sir.

Mr. POAGE. Any other questions?

Mr. GATHINGS. Thank you, Mr. Chairman. The chairman was the author of legislation that created the REA telephone law—you are aware of that.

Mr. RENSHAW. Yes, sir.

Mr. GATHINGS. Your statement was that out in these rural areas that had not received any service theretofore, and the REA telephone service is made available to them, you say that there were three quarters of a million rural subscribers that receive improved service.

Mr. RENSHAW. Yes, sir.

Mr. GATHINGS. What do you mean, improved service?

Mr. RENSHAW. Many of these that we made loans to, operated the manual exchanges, the crank-type telephone that you perhaps know of; and also the common battery-type service. We did not consider that really good telephone service and so when we make the loans to those companies and they convert to modern dial service, we say we have improved the service to 876,000 subscribers.

Mr. GATHINGS. To about as many as who had not received it?

Mr. RENSHAW. That is correct, sir.

Mr. GATHINGS. Now, you have a little better situation here than you have on the REA electric lines where you run into the argument from the private utilities that so many of these REA projects are trying to duplicate lines and setting up competitive systems where there is an existing electrical line or transmission line available. You do not have a situation like that here?

Mr. RENSHAW. Mr. Congressman, our act says specifically we are not permitted to lend funds to duplicate facilities now providing

reasonably adequate service, and we are further restricted by commissions in those States that will not permit service in an area already served. So it is pretty much a doublebarreled restriction, both Federal and State jurisdictions.

Mr. POAGE. There is also inherent in the providing of telephone service the fact that any telephone system must have long-distance connections. It is true that there used to be some systems where you could only talk to the people on that line, you could not talk to anybody except within that district, rather. But, to be worthwhile, they have got to have long-distance facilities available, so that they find that they have to make contracts with the Bell Telephone System because nobody else can provide such a setup for long distance, and I don't think that any of these smaller companies can hope to do that, they always have got to contract with Bell Telephone?

Mr. RENSCHAW. That is correct.

Mr. GATHINGS. Mr. Chairman, you introduced this bill on March 3 and there was notice of this meeting in advance. There as no telephone companies represented here that I know of—I don't know that gentleman over there. If there are any, they may want to testify.

Mr. POAGE. I understood the telephone companies had no objection to this.

Mr. McINTIRE. Off the record.

(Discussion off the record.)

Mr. HEIMBURGER. Mr. Chairman, may I ask a question?

Mr. POAGE. Yes.

Mr. HEIMBURGER. The language here is not quite clear to me in view of the discussion. There appears to be in the language of the bill no distinction between educational TV and commercial TV. Is there distinction between two types of transmission, rather than subject matter? In other words, this would authorize loans for any type of closed circuit transmission; would it not?

Mr. RENSCHAW. Yes.

Mr. HEIMBURGER. Any type?

Mr. RENSCHAW. Any kind of closed circuit television. The language is broad enough to include other types of transmission, but it all is intended to permit an REA borrower to provide the same type of telephone service that other telephone companies provide including educational TV, teletypewriter, facsimile transmission, data transmission, and telephotography.

Mr. HEIMBURGER. And it could be done either by wire or radio, could it not?

Mr. RENSCHAW. Yes——

Mr. HEIMBURGER. By closed circuit?

Mr. RENSCHAW. Yes.

Mr. HEIMBURGER. Actually the only thing that is prohibited here in this whole field is loans to telegraph service or broadcasting services; is that correct?

Mr. RENSCHAW. Yes.

Mr. HEIMBURGER. Wouldn't it be possible for you to make a loan to a company which wanted to set up one of these commercial television local services such as this in areas beyond the normal range of television stations, where you have a company which puts up a tower and runs cables out to the homes of subscribers and does it on a fee basis?

Mr. RENSCHAW. Only if it were closed circuit television.

Mr. HEIMBURGER. Yes.

Mr. RENSHAW. Not the normal broadcasting. You have that same type of service provided on a broadcasting basis or you get the service off of an antenna that may pick up that service from a city and distribute it among the people in a town. I would like Mr. Gorrin to answer that question, whether or not a separate company might not be established to do the thing you are talking about here on ETV.

Mr. GORRIN. I would think that the area coverage requirement of the act might make that legally questionable. I mean——

Mr. HEIMBURGER. It might make it impractical but it does not make it illegal.

Mr. GORRIN. Well, in connection with every loan there is the requirement that the Administrator find that this is within area coverage. It is a little difficult for me to see, for example, if you wanted to broadcast a prizefight over closed circuit, that that is part of an area coverage program.

Mr. HEIMBURGER. Your area coverage would not have to be coextensive with the area covered by a telephone company in the vicinity; would it?

Mr. GORRIN. Well, whatever area coverage means, it is within a particular set of circumstances, the widest practical providing of services——

Mr. HEIMBURGER. The point I am trying to make, and I hope it is not an immaterial point: Doesn't this seem to you, as it seems to me, that this is a definition of telephone service—I mean the proposed bill has a new definition of telephone service and any of these various activities would constitute telephone service. It seems to me the legal meaning can be read, "The term 'telephone service' shall mean any communication service for the transmission of pictures through the use of electricity by transmitting and receiving apparatus"?

Mr. GORRIN. Well, it would have to be in compliance with all of the other requirements.

Mr. HEIMBURGER. Yes, I understand that. But as far as the legal interpretation of this definition is concerned, a loan could be made, and this is just what I am trying to get at: Couldn't a loan be made under the legal situation, not the practical situation, to a company which puts up one of these towers and then relays by means of wires or coaxial cables, the commercial television reception to subscribers throughout the area?

Mr. GORRIN. If all the other requirements of the act are met—feasibility, security, no duplication, certification——

Mr. POAGE. I beg your pardon, but does not the present law specifically prohibit a transmission of commercial TV or telegraph services?

Mr. GORRIN. That is true.

Mr. POAGE. And that is not repealed by this provision?

Mr. GORRIN. That is true.

Mr. POAGE. So from a legal standpoint you could not do it?

Mr. GORRIN. Well, I thought Mr. Heimbürger was talking about a commercial closed circuit operation.

Mr. HEIMBURGER. That is what I was referring to, Mr. Chairman, where transmission is by means of wire, not broadcast. The only thing prohibited, as far as I can see from the language, is the broad-

cast. If it is a closed circuit proposition where the commercial broadcasters receive from a city 200 or 300 miles away a program and then put it on wires or coaxial cables, this would not be broadcasting and would not come under the jurisdiction of the FCC.

Mr. GORRIN. That is right.

Mr. HELMBURGER. And I think that is perfectly legitimate, but I wanted to go into the language here.

Mr. GORRIN. I think that is right, but providing all the other requirements are met.

Mr. GATHINGS. On this closed circuit, the children could have all of their subjects that they are studying on the TV and then if there was a prizefight it could be tuned in on that closed circuit and they could have a little fun during recess: is that it? [Laughter.]

Mr. POAGE. Is there anyone else who has questions?

(No response.)

Mr. POAGE. Well, thank you very much.

Mr. RENSHAW. Thank you, Mr. Chairman, for the opportunity to appear here.

Mr. POAGE. No one else wants to be heard, so that will be all.

(Whereupon, at 3:45 p.m., the subcommittee adjourned.)

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