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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 10101

AGRICULTURAL LAND DEVELOPMENT IN ALASKA

JULY 24, 1962

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ESTABLISH FEDERAL AGRICULTURAL SERVICES TO GUAM

H.R. 12811

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AUGUST 14, 1962

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S. 3120

MOVEMENT OF DISEASED ANIMALS

SEPTEMBER 12, 1962

Serial PP

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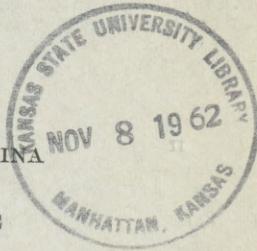
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H.R. 10101

AGRICULTURAL LAND DEVELOPMENT IN ALASKA

JULY 24, 1962

ADMINISTRATIVE AND TECHNICAL STAFF

AGRICULTURAL LAND DEVELOPMENT IN ALASKA

TUESDAY, JULY 24, 1962

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

The subcommittee met, pursuant to call, at 10:15 a.m. in room 1308, New House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Stubblefield, Quie, Harvey, and Reifel.

Also present: Martha Hannah, staff assistant.

Mr. ABERNETHY. The subcommittee will be in order.

The subcommittee meets for the purpose of taking testimony on H.R. 10101 by Mr. Rivers of Alaska. Without objection H.R. 10101 will be included in the record at this point.

(H.R. 10101 follows:)

[H.R. 10101, 87th Cong., 2d sess.]

A BILL To provide for a program of agricultural land development in the State of Alaska

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Alaska Farmland Development Act of 1962".

SEC. 2. DECLARATION OF POLICY AND PURPOSE.—In order to provide more adequately for the sound, efficient, and orderly development and utilization of agricultural land resources of the State of Alaska; to facilitate and assure the establishment of family-type farms as economic units of production and to encourage, promote, and strengthen this form of farm enterprise; to provide for Alaska's future economic growth by promoting a sound and stable agriculture, thereby insuring a more adequate and dependable food supply for the present and future population of the State; and in recognition of the strategic position of the State of Alaska in relation to national security and defense, it is hereby declared to be the policy of Congress, and the purpose of this Act shall be, to provide for a program of agricultural land development in the State of Alaska which will assist agricultural producers to develop and utilize more effectively the productive capacity of the State's land resources for agricultural purposes.

SEC. 3. The Secretary of Agriculture is hereby authorized to formulate and carry out a land development program, which, subject to such terms and conditions as the Secretary determines will best effectuate the policy and purpose expressed in section 2 of this Act, shall provide for the making of payments or grants to agricultural producers in the State of Alaska for carrying out specified farmland development or treatment measures including, but not limited to clearing, draining, shaping, and otherwise conditioning land for the production of crops or for pasture.

SEC. 4. In carrying out the provisions of this Act, the Secretary is authorized within the amounts of such appropriations as may be provided therefor to enter into agreements or other arrangements extending for a period of years with producers determined by him to have control of the farms and ranches covered thereby.

SEC. 5. The Secretary is authorized and directed to issue such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 6. In carrying out provisions of this Act, the Secretary may utilize the committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended.

SEC. 7. There is hereby authorized to be appropriated, without fiscal year limitations, such sums as may be necessary to carry out this Act: *Provided*, That the total cost of the programs (excluding administrative costs) shall not exceed \$1,250,000 and for any program year payments shall not exceed \$125,000. The program authorized by this Act shall be in addition to, and not in substitution of, other programs in the State of Alaska authorized by any other Act.

Mr. ABERNETHY. Mr. Rivers, we will be glad to hear from you at this time, sir.

STATEMENT OF HON. RALPH J. RIVERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

Mr. RIVERS. Mr. Chairman and members of the committee, may I first extend my thanks for the scheduling of this hearing upon my bill H.R. 10101. Simply stated, this legislation calls for the establishment of a sound and much-needed program for development of Alaska's agricultural land.

Earlier this year, I followed with interest developments at the National Conference on Land and People which was held in Washington under the sponsorship of the Department of Agriculture. At that Conference there was much discussion concerning ways and means to redevelop the Nation's farms for recreational purposes and uses other than farming. Indeed, the point was made that the need for farmland will continue to decrease during the next two decades, despite an increased population, and that only in a very few States will the need for more farms increase. One such State is Alaska, which consumes vastly more agricultural produce than it grows, and which does not add to surpluses in any consumer market. Incidentally, Alaska is exempt from both the benefits and restrictions of our agricultural price support program.

It has been estimated that Alaska has approximately 1 million acres of arable land, of which only 24,000 acres are under cultivation. In the past, many of my colleagues have been astonished when I have spoken of the agricultural potential of Alaska. However, those of you who have visited the beautiful farmland area of the Matanuska Valley near Palmer, the verdant Tanana Valley area near Fairbanks, and the productive Kenai Peninsula south of Anchorage, know of this potential. Potatoes are a standard crop and grow well. Cabbage, cauliflower, and turnips grow to mammoth size. Raspberries, blueberries, cranberries, and other berries grow wild and are so abundant that they are never fully harvested. Wheat, oats, and alfalfa are grown successfully. Dairying occurs near all the main cities in Alaska, and the mentioned grain and alfalfa are all consumed in Alaska. Additionally, beef cattle and sheep thrive near Kodiak and on the Aleutian Islands.

Despite Alaska's good agricultural potential, her farmers presently supply only slightly over 10 percent of all foodstuffs consumed within the State. The remainder must be imported from the other States. At the present time, there are less than 400 farms in production in Alaska, including a number of tracts as small as 10 acres. As a result

of this condition, it has been estimated that Alaska has on hand only a 3-week supply of food—a condition which we must, of necessity, improve, lest our outside sources of supply or shipping lanes be cut off in a time of national emergency.

Perhaps the greatest obstacle to improvement in this direction is the high cost of clearing the land and placing it into production. Many judge the average cost of clearing Alaskan land to be about \$100 per acre, with clearing costs often running as high as \$250 per acre. In the main, this is due to high labor and equipment costs. It is obvious that this condition constitutes a great impediment to our settlers, especially in view of the fact that the Alaska agricultural revolving fund, a State fund, and the Federal Agricultural Conservation Program Service are not equipped to provide long-term financing.

It was for these reasons that I introduced H.R. 10101, today under consideration. Like legislation, pending in the Senate, was introduced in the Senate by Senators Bartlett and Gruening. This measure, calling for a long-term, cost-sharing land development program, is designed to further the growth of Alaska's agricultural production. The land development program envisioned by H.R. 10101 would not be solely concerned with Alaska's on-the-farm problems, but would also be devoted toward solving other present limitations in the fields of transportation, processing, packing, and marketing. These limitations are best summed up in a letter which Mr. Phil R. Holdsworth, Commissioner, Alaska Department of Natural Resources, has directed to me for inclusion in the record of this hearing. Speaking in support of this legislation, Mr. Holdsworth states:

In the new farming areas, the remoteness from markets, the high cost of transportation, the lack of businesses serving farmers, such as equipment, fertilizer, and machinery dealers, and limited technical services, are some of the obstacles which need to be overcome.

According to the Department of Agriculture, enactment of this legislation would result in a total cost of \$1,250,000 for the entire program. An initial appropriation of \$125,000 would get the program underway, and as the presently established Agricultural Stabilization and Conservation Committees may be used to administer the program, administrative costs would be kept to a minimum. It is hoped that the end result of the program will be the clearing and improving of 20,000 acres of Alaskan farmland, approximately doubling such acreage already in use and thereby contributing substantially to the overall development of my State.

In addition to the unanimous support of the Alaska congressional delegation, this legislation is strongly supported by Alaska's State administration, as indicated by the letter received from commissioner of natural resources, Phil R. Holdsworth, to which I have previously referred, by Darrell L. Baird, chairman of the Alaska State Agricultural Stabilization and Conservation Committee, and by a number of farming organizations and individual farmers throughout the State of Alaska. I hereby submit their letters and telegrams for inclusion in the record.

Mr. Chairman, I refer to the noted letter from Phil R. Holdsworth, commissioner of resources from the State of Alaska, and ask that it be included in the record at this point.

Mr. ABERNETHY. Does he serve in a dual capacity as commissioner of agriculture, too?

Mr. RIVERS. No; we have a separate division of agriculture.

The division of agriculture comes under the department of natural resources of which Mr. Holdsworth is the head.

I also offer for inclusion in the record the following: A letter written by Donald W. McKee of the Fairbanks Soil Conservation Subdistrict.

A letter from Jalmar Kerttula, a farmer of Palmer.

A letter from Gust Lofgren of Homer, Alaska.

A letter from Secretary Frank Kaltenstein of Kachemak Bay Farmers Association.

A telegram from Darrell L. Baird and a telegram from the Fairbanks Chamber of Commerce, all of which I submit in support of this legislation.

Mr. ABERNETHY. Mr. Rivers, would you give us some idea of how this would function? Does the bill provide for assistance for the land clearing and development of the land through some agency of the Government? Is so, what agency?

Mr. RIVERS. The Department of Agriculture will have a witness here who can give us more information on the technical workings.

Also we have a very substantial report from the Department of Agriculture where they indicate the thing can be handled largely through the committees already functioning in Alaska under the Department of Agriculture.

Mr. ABERNETHY. The letters and telegrams to which you referred will be made a part of the record at this point and also the Secretary's letter to Chairman Cooley, dated May 24, as well as a letter to Mr. Cooley from the Department of the Interior.

(The letters and telegrams referred to above and other letters follow:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 24, 1962.

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

DEAR MR. CHAIRMAN: This is in reply to your request of February 13, 1962, for a report on H.R. 10101, a bill to provide for a program of agricultural land development in the State of Alaska.

This Department recommends that the bill be passed.

The purpose of this bill is to provide for a program of land development which will assist agricultural producers in the State of Alaska to develop and utilize more effectively the productive capacity of the State's land resources for agricultural purposes. The bill would authorize the Secretary of Agriculture to formulate and carry out a land development program under which payments or grants would be made to agricultural producers in Alaska for carrying out specified farmland development measures. Such measures may include but would not be limited to, clearing, draining, shaping, and otherwise conditioning land for the production of crops or for pasture. In making this assistance available, the Secretary would have authority to enter into agreements with agricultural producers extending for a period of years.

Provision is made for utilizing the farmer committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act in the administration of the proposed program. The program authorized in this bill would be in addition to other programs in the State of Alaska now provided by law. There is authorized to be appropriated, without fiscal year limitations, a maximum of \$1,250,000 for the entire program, excluding administrative costs, but not to exceed \$125,000 is to be expended in any 1 program year.

We believe the program authorized in this bill is a desirable long-term approach in the needed expansion of agriculture in Alaska. The agricultural economy of the State has not kept pace with its rapid growth in population. Data from the Bureau of the Census show that the population of Alaska increased by 75

percent between 1950 and 1960. While the population as a whole is still predominantly rural (62 percent rural to 38 percent urban), the urban centers increased by 150 percent, as against less than 50 percent in the farming areas.

At present a high proportion of the food consumed in the State of Alaska must be imported. Such importation is costly and acts as a deterrent to orderly economic growth. Lack of local agricultural production could also pose serious problems in maintaining the health and well being of the people in this strategic area of national security and defense.

The Department recognizes the need for building a stronger agricultural base in Alaska and believes that the proposed legislation would prove a valuable and practical addition to other programs now in operation in the State. There are ample land resources which could be developed into family-type farms as economic units of production under the assistance authorized in this bill. Such development would prove of value not only to the people of Alaska but would serve the national interest by providing the means by which Alaska's growth would be better assured in an orderly and well balanced manner for the benefit of the Nation as a whole.

Conditioning land for production in Alaska is expensive because of high labor and equipment costs. The program authorized in this bill would provide for the development of probably 20,000 acres during its authorization, with a maximum in any year of 1,500 to 2,000 acres, assuming a cost-sharing arrangement whereby landowners would pay a part of the cost. This amount of land would help to only partially fill the gap between food needs and supply in the State. It would not affect materially the total demand for agricultural products. The demand for fresh produce (vegetables, and dairy and poultry products) is so pressing that expansion in farming would be expected to take place in those directions. The expected expansion would not be great enough to offset the expanded need for these products for the projected increase in population.

It is believed that the enactment of this proposed legislation would result in a total need for \$1,250,000 additional for the entire program, but that an initial appropriation of about \$125,000 would be sufficient for the first year after the bill is enacted. Since the presently established Agricultural Stabilization and Conservation Committees may be used to operate the program, the additional administrative costs would be much less than if a new organization were required.

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,

ORVILLE L. FREEMAN, *Secretary.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 31, 1962.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. COOLEY: There is pending before your committee H.R. 10101, a bill to provide for a program of agricultural land development in the State of Alaska.

We have no objection to the enactment of the bill.

The bill states a need to promote the agricultural land resources of the State of Alaska and is intended to provide a program to assist farmers in developing and utilizing more effectively the land resources in Alaska for agricultural purposes. The bill further provides that the Secretary of Agriculture is authorized to formulate and carry out a land development program which envisages the making of payments or grants to agricultural producers in Alaska for carrying out farmland development or treatment measures, including, but not limited to, clearing, draining, shaping, and otherwise conditioning land for the production of crops or for pasture. The Secretary of Agriculture, under the bill, would also be authorized to (1) enter into agreements with agricultural producers for a period of years; (2) issue appropriate rules and regulations; and (3) utilize the committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, 16 U.S.C. 590h(b).

The bill also authorizes appropriations for such sums as may be necessary to carry out the act, without fiscal year limitations. The total cost of the program (excluding administrative costs) could not exceed \$1,250,000, and for any program year could not exceed \$125,000. The program envisaged by the bill

would be in addition to, and not in substitution of, other programs in Alaska authorized under any other law.

We recognize that many difficulties impede agricultural development Alaska. Studies by the Alaska Agricultural Experiment Station indicate that the limitations on production involve, in addition to on-the-farm problems, transportation, processing, packing, and marketing facilities. The cost of conditioning land in Alaska is an expensive operation. Labor and equipment costs are very high.

Although the program authorized by the bill would affect our responsibilities indirectly, we favor full development of the natural resources of Alaska in accordance with sound conservation principles.

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

Sincerely yours,

JOHN A. CARVER, Jr.,
Assistant Secretary of the Interior.

STATE OF ALASKA,
DEPARTMENT OF NATURAL RESOURCES,
Juneau, July 20, 1962.

HON. RALPH J. RIVERS,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE RIVERS: The following information, with attached statistics, points up the need for legislation such as your bill, H.R. 10101.

No doubt you are aware that agriculture has been practiced to some degree in Alaska since the days of Russian settlement. The gold rush, and later railroad construction in the early 1920's, increased the need for food; and a subsistence, garden-type of agriculture flourished briefly. It wasn't, however, until the colonization of the Matanuska Valley that agriculture received its major impetus. World War II and the postwar defense activities have paved the way for our current agricultural expansion.

In the period from 1953 (the first year agricultural production estimates were computed) to 1961, our value of production has increased from \$2.8 million to \$5.7 million; or more than double. Since 1957, we have been increasing at a rate of 3 to 10 percent every year.

The agricultural situation in Alaska in regard to cost and price trends has not differed from that of other States. The Alaska Experiment Station reports: that in the past 5 years, the price of a 1½-ton truck has increased 33 percent; that gasoline (plus tax) has risen from 24 to 36 cents during the past 10 years; and that mixed fertilizer prices have increased 47 percent. Since 1957, the farm price of local milk has been declining; and the price of local potatoes and produce have failed to keep pace with increased cost trends. Price cutting by local producers has been drastic when a small surplus occurs, or is believed to have occurred.

A comparison of the cost of farming in Alaska to other States shows the family living cost to vary from about 25 percent higher in populated areas to a great deal more in remote sections. The cost of farm labor in Alaska was the highest in the Nation during March 1962, at \$367 per month with house furnished compared to the Washington rate of \$272 and the U.S. average of \$192. Brome hay cost local dairymen \$70 per ton while the dairymen in the Puget Sound milkshed paid \$30 to \$34. Feed grain prices were \$90 per ton locally and \$50 to \$55 per ton in the Puget Sound milkshed.

The Census of Agriculture shows Alaska as having 525 farms in 1950 compared to 367 in 1960; yet at the same time it shows that there were 24,119 acres of cropland in 1960 as opposed to 12,385 in 1950. Our own statistics show the value of production has more than doubled in 10 years. We believe the decrease in the number of farms can be attributed mostly to a group of active homesteaders in 1950 who qualified as farmers at that time but are not living on their places at the present time; or if still there, have found other means of making a living. Another part of this decrease is due to the consolidation of farms into larger, more economical units. The census gives the average cropland per farm as 30 acres in 1950 compared to 74 in 1960. Part of this is the result of consolidation and part is due to increased clearing on existing farms. We do not have any information on the actual number of foreclosures on established farms; however, I believe it to be negligible.

The reasons for abandoned homesteads and failures of established farms are personal as well as financial difficulties. Certainly the lack of financial resources as well as available credit for farm development have been a serious handicap.

In the new farming areas, the remoteness from markets, the high cost of transportation, the lack of businesses serving farmers such as equipment, fertilizer, and machinery dealers, and limited technical services are some of the obstacles that need to be overcome. In established, populated farming areas, the lure of high-paying jobs, poor management in general, and uneconomically sized farms as well as limited resources have all contributed to consolidation with other farms and failures. More recently, the lack of confidence in market outlets has discouraged many.

In estimating our potential production, I believe our rate of growth will continue to increase at a rate of 5 to 10 percent yearly. Achieving this growth will not be without problems. Faster, cheaper, and better transportation and more efficient and reliable channels are making the importation of quality products, even such highly perishable ones as milk, more feasible and less costly. To meet this increasing competition, Alaska producers must adopt technical improvements, practice superior management, and increase volume where feasible to lower per unit output costs.

It is along these lines, I am sure, that your proposed bill can be proved beneficial and essential; that is, in providing funds to assist many of our farms in becoming more economical and in increasing the amount of cropland. Although there are many arguments for providing public programs in new areas, I feel it to be equally, if not more important to provide a means of allowing established farms to become more efficient and productive. Only then will we be able to maintain our growth and agricultural economy.

I hope the foregoing will be of some help to you. Please write if we can provide any further information to assist in the passage of your bill. The entire agriculture industry, I am sure, is not only aware, but also most appreciative, of your efforts on its behalf.

Sincerely,

PHIL R. HOLDSWORTH, *Commissioner.*

FAIRBANKS SOIL CONSERVATION SUBDISTRICT,
College, Alaska, July 16, 1962.

Representative RALPH RIVERS,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN RIVERS: The Fairbanks Soil Conservation Subdistrict Board of Supervisors went on record at their June meeting supporting S. 2998 and S. 2805 same as our H.R. 10101. The passage of both of these bills would do much to promote the growth and advancement of the State of Alaska.

The extension service has an unlimited amount of work to do in a State such as Alaska which still has a great deal of growing to do. Reapportionment of the extension funds (S. 2998) which would provide more funds for this work in Alaska would benefit the entire State.

A program such as would be set up under S. 2805 would greatly hasten the agricultural development in Alaska.

We ask for your continued support of Alaskan agriculture. Thank you.

Yours truly,

DONALD W. MCKEE,
Secretary, Board of Supervisors.

ALASKA STATE LEGISLATURE,
HOUSE OF REPRESENTATIVES,
Juneau, Alaska, March 16, 1962.

Representative RALPH RIVERS,
House of Representatives, Washington, D.C.

DEAR RALPH: I know that you have always been a good supporter of farm legislation in the past and at this time would like to ask your consideration of S. 2786 and H.R. 10101.

I believe the general farm population is in greater harmonious support of the general philosophy of the Department of Agriculture than ever before.

I thank you for any consideration you are able to give to the above-mentioned bills.

Best personal regards to you and Martha.

Sincerely,

JALMAR KERTTULA.

HOMER, ALASKA, *March 15, 1962.*

HON. RALPH RIVERS,
House of Representatives, Washington, D.C.

DEAR MR. RIVERS: I have read Senate bill No. 2805 proposing assistance in developing farms in Alaska and understand you have introduced a companion bill, No. 10101, in the House.

I am very much in favor of this legislation and urge its passing.

GUST LOFGREN.

KACHEMAK BAY FARMERS ASSOCIATION.

Homer, Alaska.

Representative RALPH RIVERS:

We are in favor of H.R. 10101, also Bradley Lake.

Sincerely,

FRANK KALTENSTEIN, *Secretary.*

WASHINGTON, D.C., *July 19, 1962.*

HON. RALPH J. RIVERS,
Washington, D.C.:

The Alaska State ASCS Committee individually and unanimously supports your bill, H.R. 10101 (Alaska Farmland Act of 1962), and will encourage economic units of production which would improve the entire image of agriculture in the State of Alaska.

DARRELL L. BAIRD,
*Chairman, Alaska State ASCS,
U.S. Department of Agriculture.*

FAIRBANKS, ALASKA.

FAIRBANKS, ALASKA, *July 18, 1962.*

HON. RALPH RIVERS,
*House of Representatives,
Washington, D.C.:*

Fairbanks Chamber of Commerce supports and urges passage H.R. 10101, Alaska Farmland Development Act of 1962. Adequate and orderly development of farmland is necessary to economic establishment of a contributing agriculture industry in the State of Alaska. Present food consumption needs are 90 percent imported even though many of these food products are adaptable for Alaskan production. H.R. 10101 would help establish a stable agricultural base and promote economic growth of this basic industry.

AL SEELIGER,
President, Fairbanks Chamber of Commerce.

ANCHOR POINT, ALASKA, *July 27, 1962.*

Representative RALPH J. RIVERS.

DEAR SIR: In reply to your letter of July 16, 1962, which refers to bill H.R. 10101.

I would have liked very much to have been in on the hearing held there July 24, 1962, but time and finances did not permit me to be there.

I am very much interested in the development of agriculture in Alaska and have spent a lot of time and effort and money toward this end.

I have written several letters in support of this bill and also about the proper use of the moneys involved. These letters should be on file in Senator Bartlett's and Senator Gruening's offices.

We are in a stage of development here on the Kenai Peninsula where moneys and assistance that could be rendered to this program would be of a lasting nature.

Any time that I can be of any help now or in the future I will be glad to do so. Our gardens and crops look real good and we expect a good year generally. We are now having beautiful weather. You should be here to enjoy it.

Sincerely,

JOHN CLABO.

ANCHOR POINT, ALASKA, *July 23, 1962.*

Representative RALPH J. RIVERS.

DEAR SIR: I wish to state I'm heartily in favor of your bill, H.R. 10101 for a Federal program of agricultural land development in Alaska.

Many homesteaders like myself are trying to develop a homestead without any or adequate machinery and any Federal aid is a great help.

Sincerely yours,

LLOYD Y. ONSTOTT.

FAIRBANKS, ALASKA, *July 23, 1962.*

HON. RALPH J. RIVERS,
House Office Building,
Washington, D.C.

DEAR SIR: The following statement is submitted in support of H.R. 10101:

"I have been a full-time farmer in the Fairbanks area for the past 12 years. During this time I have been engaged in the production of potatoes, cabbage, lettuce, barley, oats, wheat, and hay. I know these crops can be raised successfully.

"The cost of clearing and preparing land for cultivation is great, and is a major obstacle in the establishment of an economically feasible unit of production of most of the crops I have mentioned. Wisely administered, \$125,000 per year would give us a boost and allow the people of Alaska to become more self-sufficient."

Sincerely yours,

GEORGE DORNATH.

KENAI PENINSULA PUBLIC UTILITY DISTRICT No. 1,
Homer, Alaska, August 2, 1962.

HON. HAROLD D. COOLEY,
Chairman, House Agriculture Committee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE COOLEY: We have been following the actions of the House of Representatives with keen interest as concerns the development of agriculture in Alaska as provided in H.R. 10101, introduced by Representative Ralph J. Rivers.

Of particular concern to this area of Alaska with its large undeveloped agricultural lands is the need for examination and classification of these lands on the Kenai Peninsula, soil surveys on a sufficient scale to accurately determine what will grow best where.

A current soil capability map would be of great assistance to existing residents and new residents to the area. For too many years the development of agriculture has been left to a circumstance of hit and miss with little help from the agencies charged with the responsibility for aiding in the development of farming. In a large part this has been due to low appropriations and to a negative attitude toward development of agriculture as a major economic base for the area.

Cattle raising is of particular interest to us in the Homer area, also dairying because of the abundant growth of the native grasses reaching from Homer to the Kaslof River and from the east coast of Cook Inlet to the Harding icefield on the east.

With the 10th election district now ranking 7th in the State and the fastest growing in population of the State, the need for farm products is increasing steadily, on the western side of the Kenai Peninsula.

Completion of the surfacing of the Sterling Highway, low-cost power from the Bradley Lake hydroelectric site, inauguration of the ferry system between Kodiak and Homer will all provide an opportunity for distribution of the excellent variety and quality of produce grown on the Kenai Peninsula. A frozen food plant utilizing local production of strawberries, raspberries, potatoes, car-

rots, tomatoes, cabbage, beets, rhubarb, cauliflower, turnips, broccoli, brussels sprouts, parsnips and other vegetables plus a wide variety of other native berries, could be the start of a budding frozen food industry in this part of Alaska.

More and more visitors from the northern States and from Texas are taking a close look at the lands north of Homer and some are preparing their plans for bringing cattle to this area for ranching on a large scale as found in other States.

Considering the high costs for freight to bring foodstuffs and construction materials, in fact, any type of freight, to Alaska, there is the immediate need to improve our position in agriculture so that settlement will occur at a more rapid rate, and to provide food for the residents of Alaska without importing such a high percentage from other areas. The savings from local grown produce and beef is very substantial over imported foodstuffs.

The costs for engaging in agricultural pursuits is never cheap and frequently exorbitant. Land clearing is expensive, ranging from \$150 to \$350 per acre in this area. To bring a homestead to patent means an investment of time and an average of \$10,000 by the patentee. The problem is now being alleviated by the State on lands obtained under the statehood grant, wherein credits are allowed for improvements made to the land.

Draining and clearing of lands appear to be two of the most important aspects for development of pastures and garden produce lands on the Kenai Peninsula. In most instances the work to be done is beyond the financial means of a single farmer or even a group of farmers.

Over the years there have been many agricultural starts but few producers. A contributing factor has been the lack of qualified personnel familiar with land conditions in Alaska to properly advise on agriculture. The quantity of agriculture publications available at extension service offices in the State is astronomical, but, unfortunately, the quality leaves much to be desired since the information is not applicable to conditions in Alaska. There is a considerable quantity of misinformation and a dearth of accurate information. This only points up the need for qualified personnel to provide the needed research and develop publications that apply to Alaska that are based on fact. Additional experimental farms in the State of Alaska would do much to bring current information to the various agricultural areas of the State; namely, Tanana Valley, Matanuska Valley, Kenai Peninsula, and Kodiak Island.

Development of a program as envisioned by Representative Rivers' H.R. 10101 would help Alaskan residents to help themselves, and so develop the economy of the 49th State.

Sincerely yours,

HOMER S. THOMPSON, *Manager.*

Mr. ABERNETHY. Mr. Quie, have you any questions?

Mr. QUIE. Do you think that in every State in the Union we ought to fully develop all of the agricultural resources?

Mr. RIVERS. I am aware of the surplus problem in the 48 States and I propose this, not as a precedent for doing the same thing all over the United States but as something covering a unique situation which exists in Alaska.

Mr. QUIE. Because of the fact that only 10 percent of their food is produced in the State?

Mr. RIVERS. That is right.

Mr. QUIE. Suppose there was another State in the Union which produced some small amount like that and they had land that with proper treatment could produce considerably more, do you think they ought to give them consideration?

Mr. RIVERS. That would depend upon the nearness of the most available market in a neighboring State, perhaps.

There are regional considerations when you look at States which are near each other, but Alaska is so far from all the others and the long freight haul makes transportation of all the merchandise we take to Alaska so expensive that that in turn leads to a high cost of living and a high cost of doing business. These are the factors which im-

pede Alaska's growth and make it difficult to utilize the resources of Alaska.

Mr. ABERNETHY. What do they primarily import in the way of food?

Mr. RIVERS. Everything, because the little we do produce does not meet the full need for anything.

Mr. ABERNETHY. Have they a substantial dairy industry?

Mr. RIVERS. Nearly all of our main towns have a dairy, or dairies. We provide a portion of the milk which is consumed in the community but there is a lot of milk flown in, if you please, by airplane and some brought in by refrigerator ships, trains, and trucks.

Mr. ABERNETHY. Does any of that go to the civilian population or is it primarily for the military installations?

Mr. RIVERS. I am thinking almost entirely in terms of the civilian population. The military utilizes the shipping and transportation services to get what procurement it needs for its installations in Alaska but I am talking about a civilian market, now, because nearly everything the military utilizes is shipped right in after being ordered through the procurement office in Seattle, Wash., and our farmers depend mostly upon the civilian population for an outlet, with the exception of milk and a few fresh vegetables in season which our farmers sell to the military.

Mr. HARVEY. I was going to ask, what is the approximate number of military personnel in Alaska at this time?

Mr. RIVERS. Including a certain number of wives and children?

Mr. HARVEY. Yes.

Mr. RIVERS. They say the military population is approximately 40,000, included in a total population of 230,000.

Mr. QUIE. You mentioned the strategic value and that is one of the reasons you support this legislation. Is it that difficult to transport food up there?

Mr. RIVERS. If an emergency occurred whereby our shipping lanes were cut off I think the people in Alaska would find starvation setting in within a month. If any blast occurred which would knock out the sources from which we get these foodstuffs even if the steamships were still running, or if the supply lines were cut and the sources not destroyed, Alaska would in either case be completely isolated.

Mr. QUIE. Do you have limited harbor facilities?

Mr. RIVERS. We have numerous harbor facilities, which respectively serve various parts of Alaska. The Alaska Steamship Co. and other carriers stop at Ketchikan, Juneau, Petersburg, Wrangell, Valdez, Cordova, Seward, and Whittier and then to the west Kodiak and then Nome in the Bering Sea where the ships go in during the summer-time. They are all open ports except Nome, which freezes in the winter.

Mr. QUIE. Then you mean by cutting off the transportation line this would mean just the ships themselves. You have enough harbor facility up there to get something in.

Mr. RIVERS. Yes. If we couldn't get it in through one port we would get it in through another. It would be a case of getting it through a gateway such as Seattle or an alternate route such as Prince Rupert, British Columbia.

Mr. ABERNETHY. Where is the principal quantity of potential farmland located? Is it in the lower peninsula, southern Alaska?

Mr. RIVERS. No, there is limited agricultural activity in southeastern Alaska, which is the panhandle. In this region, there is heavy forest land, high rainfall, and it is not particularly adapted to growing vegetables, potatoes, and things. They do grow some but it is limited. The Matanuska Valley is at Palmer, about 50 miles from Anchorage and that is the biggest of our agricultural producing areas. That is in what is called south-central Alaska. The Tanana Valley near Fairbanks has a long history of potato growing and fine vegetable production. It is in central Alaska. Central and south-central Alaska are the principal agricultural areas of Alaska. The Keni Peninsula, which is in south-central Alaska, is gradually being developed in the field of agriculture.

Mr. ABERNETHY. Is this development designed to take place on federally-owned lands or is it land that is privately owned?

Mr. RIVERS. Mr. Chairman, when Alaska became a State the Federal Government owned 99 percent of all the land in Alaska.

Mr. ABERNETHY. Is a substantial amount of it moving to private ownership now?

Mr. RIVERS. I will explain. It will take me a couple of moments to do that.

At the time statehood was attained about one-fourth of Alaska was withdrawn for forests and military reserves, parks, monuments, and ranges, so that the entire 99 percent wasn't available for homesteading or for entry under the mining laws. But of that which was not withdrawn, nearly all of the land acquisition by individuals was by homesteading upon the Federal public domain not to mention sales of small tracts. Homesteading on the Federal public domain was nearly the only way of obtaining land up there.

Mr. ABERNETHY. What quantity of land can a person homestead?

Mr. RIVERS. 160 acres.

Now you want to know about acquisition and getting land into private ownership. Under the Statehood Act the State was granted the right to select 103 million acres and the State has indicated and designated about 12 million of that 103 million already. About 6 million of that 12 million has been conveyed or is about to be conveyed from the Federal Government to the State, with the land selection program to be completed in 25 years. At present this program is getting a bit behind.

Mr. ABERNETHY. Are the people standing by waiting for their homestead applications to be acted on, or what is the hold-up? You say they are getting behind.

Mr. RIVERS. I mean the conveyancing by the Federal Government to the State is not quite fast enough to complete the selection process in 25 years. And then again the surveying of the exterior boundaries of the selected areas is lagging because it is a big job surveying those exterior boundaries of the areas the State selects. The State in turn is charged with doing the interior surveying into townships and sections.

Now the State, I might add, in response to your question, Mr. Chairman, is making this land available to individuals and companies in larger tracts than 160 acres, adapting arrangements for big industry

to get large acreage if it needs it, making lands available for grazing and resource use and development, so the State's land disposition program is much more flexible than is possible under the Federal public land laws. The 160-acre limitation under the Federal land laws were too inflexible to allow expediting land use in Alaska. The emphasis is veering now toward dealing with the State. Through the Federal public domain lands being turned over to the State under the State land selection program land disposition problems are now being much more quickly resolved and transfer of land to private ownership is being accelerated.

Mr. QUIE. One last question: Farmers in Minnesota now get money for drainage and shaping their land. Is any of that money being utilized in Alaska at all under the ACP program?

Mr. RIVERS. There is a very limited program of making some loans up there to farmers.

Mr. ABERNETHY. Now that is done through grants, you know. Terracing and one thing and another.

Mr. HARVEY. In so-called approved areas, approved practices.

Mr. QUIE. I would imagine one of the reasons why you are limited there is in order to get money for those practices the land has to have been in cultivated crops within the last 5 years.

Mr. ABERNETHY. It has to be in private ownership, too.

Mr. QUIE. While you plan to utilize the land conditioning practices on land that has not been in cultivation or perhaps has not been in private ownership.

Mr. RIVERS. These practices would apply to farmers who occupy valid entries. They are in various stages of the homesteading process leading up to patent or have already obtained patent. There are many people trying to develop their homesteads during the 5 years residence period required to obtain patent. Private financing on land where you do not yet have a patent is very hard to get. I guess the Department of Agriculture has had experience in applying its programs in cases of this kind.

Mr. QUIE. You mentioned financing. There is nothing in here about financing, however. These are just grants, as I understand it. However, there is a long-range agreement, I understand, so the Department of Agriculture will pay so much 1 year and under this agreement they will probably pay the cost sharing throughout a number of years to finish the project.

Mr. RIVERS. Yes.

Mr. QUIE. That is all, Mr. Chairman.

Mr. HARVEY. I have been giving this some thought, Mr. Rivers, and I am wondering actually if there are the potential qualified farmers to utilize these acres if they are developed.

Mr. RIVERS. The development would only occur in connection with farmers in being you might say, who are endeavoring to add acreage to the small amount they already have gotten cleared on the 160-acre homestead entry. So many need a little help to double the amount of acreage cleared within their existing 160-acre tracts and some need help with their initial clearing.

Mr. HARVEY. I wonder actually if these are developers—I do not say that in any derogatory sense at all—or whether they are actually farmers. I am not a specialist on the matter of Alaskan develop-

ment, but I have followed it rather closely and I think you will agree, Ralph, that the mortality in that development was pretty high.

Mr. RIVERS. Yes, it was. That mortality existed in the group that the Government transported to the Matanuska Valley during the great depression. They were mainly unemployed from Minneapolis and St. Paul.

Mr. ABERNETHY. Do you mean the farmers who moved in?

Mr. RIVERS. I mean those who were transplanted from Minnesota to the Matanuska Valley in Alaska under President Roosevelt's Matanuska Valley experiment. The Alaska Railroad was designated to receive these people and allot land to them and help them get started.

Mr. ABERNETHY. Do you mean this was back in the thirties?

Mr. RIVERS. Back in the thirties. As the tracts were laid out and the land allotted, and as time went on many dropped out, but for every man who dropped away from the original group, somebody who had gone up there on his own steam, so to speak, was ready and willing to step in and take his place. Now the Matanuska Valley is settled, cultivated, and beautiful, and it is the main agricultural producing area in the State of Alaska.

Mr. QUIE. In other words, people who went out there on their own steam did a better job of sticking with it?

Mr. RIVERS. I thought these historical remarks were off the record. However, the answer is "Yes."

Mr. ABERNETHY. We can take out whatever is necessary. It can be revised.

I think it is all right. I don't see any objection to having those good folks from Minnesota move in with you.

Mr. HARVEY. What I was trying to develop was whether there was a real difference there in this approach as compared with the one of the thirties, and whether we raise it in committee or not it will undoubtedly be raised if it gets to the floor of the House. I am sure you are well aware of that.

Mr. RIVERS. I am glad you brought this up because this has no resemblance whatsoever to the Matanuska project in the thirties.

Mr. ABERNETHY. You didn't get up there through that migration, did you? You were there when they came in?

Mr. RIVERS. I was up there when they arrived.

Mr. HARVEY. In this land that is in the area that you propose to develop, what is the length of the growing season, the frost-free season?

Mr. RIVERS. The Tanana Valley out of Fairbanks has 90 days and the Matanuska Valley 95 to 100 days for their growing seasons. It is basically a one-crop season. We can only grow one crop of potatoes during the season and that is true of nearly all the other truck garden vegetables but these things grow fabulously in the summer because the sun goes around the sky nearly all night long and it is the number of hours of sunlight that seems to have to do with the rapid growth of these products and that is why we get 40- and 50-pound cabbages now and then. I will admit they are not all that big but we grow some specimens that are giants. Forty-pound turnips and things like that.

Mr. QUIE. And the average runs around 25 or 30?

Mr. RIVERS. Yes, I would say, being modest.

Mr. HARVEY. For example, taking a staple commodity in your town, how much is milk domestically produced? What is it selling for per quart?

Mr. RIVERS. It was selling for 60 cents a quart at Fairbanks the last I heard. At one time domestically produced milk was selling for 55 cents a quart and that flown in from the port of Seattle was selling for 60 cents a quart.

Mr. HARVEY. Do you use a lot of dried milk and processed dairy products?

Mr. RIVERS. A lot of that is shipped in especially to the towns rather remote from the main towns. Alaska is as big as five Western States with towns widely scattered and the only local dairying is around the main towns and much of this powdered milk or concentrated milk which is evaporated down to about one-third of size is shipped to the smaller communities.

Mr. HARVEY. What I am wondering is with dairy products being our greatest surplus—perennially it has been our greatest surplus commodity—whether it would be practical or might be more economical in the long run to develop shipping facilities and ship the milk and dairy products up there, or fly them, than it would be to develop the land to produce them.

Mr. RIVERS. I expect if the Alaskan farmers were producing on a slightly larger scale they could lower their unit cost and be in better competitive position, but the object is to have some self-sustaining capabilities in this rather isolated area under the American flag and not to have to depend entirely on outside sources.

Mr. HARVEY. That is all.

Mr. ABERNETHY. Mr. Reifel, do you have any questions?

Mr. REIFEL. I was interested in the question that you raised, Ralph—Mr. Harvey—about whether it would be more economical overall to transport some of these agricultural products in rather than to try to raise them there. On the other hand, if you are going to take a million and a quarter dollars to develop 20,000 acres of land, that is only \$62.50 per acre and we are running a lot higher than that in some of our irrigation projects in some of the States. This amount of money, it seems to me is a small sum from the standpoint of making your acreage competitive up there.

Might not this also serve as a demonstration effort so if it does prove competitive with the prices of agricultural products as high as they are, that these other more than a million acres—I guess—could start to be developed? Do you think that could be a possibility?

Mr. RIVERS. This would only be a start, but I think it would demonstrate something toward solving problems with Government technical assistance as well as with a little money for clearing.

Mr. REIFEL. Some of the land we put under irrigation, the amount the public puts in runs pretty high.

Mr. QUIE. As much as \$1,200 per acre.

Mr. REIFEL. It makes for a little greater security from the standpoint of food. It seems to me it would not be a bad investment from the standpoint of national interests. You have about 30,000 native Alaskan Eskimos there. Would they be involved in this?

Mr. RIVERS. There are none of them engaged in agriculture that I know of except for a few home gardens.

Mr. REIFEL. The Bureau of Indian Affairs is not making an effort to get the natives into agriculture?

Mr. RIVERS. Most of our Indians are engaged in fishing along the coast and the Eskimos can't grow crops in the Arctic.

Mr. REIFEL. I am very sympathetic toward your proposal here.

I have had a lot of friends up there and I know many who have retired and are living up there.

Mr. RIVERS. I might suggest that I cordially invite representation from this committee to visit Alaska.

Mr. ABERNETHY. Mr. Stubblefield?

Mr. STUBBLEFIELD. I assume that the object here is to make agriculture self-sufficient or round out the economy of Alaska?

Mr. RIVERS. This is the general object.

Mr. STUBBLEFIELD. In the unique location of Alaska where you have to ship in everything, it puts you in a little precarious position that you would want to get away from?

Mr. RIVERS. We would like to make it less precarious. That is all this program would do. It wouldn't totally solve our problem but it would be a nice stimulant and an assist at a time when we need it.

Mr. STUBBLEFIELD. If you had this aid you think the manpower would be an automatic thing?

Mr. RIVERS. Oh, yes. As I said previously, this program would be worked through farmers in being, people who are located on land who are producing on a few acres within their 160-acre homesteads, but they need a little help to get more acreage cleared. And new settlers who find appropriate agricultural land could get some assistance in clearing, maybe their initial acreage. That is in a modest way what we propose.

Mr. STUBBLEFIELD. If you did run short of manpower you could always go back to Minnesota for more.

Mr. QUIE. We have a lot of good farmers.

Mr. ABERNETHY. Mr. Rivers, we thank you very much.

Is there any one else in the room to testify?

If not, we will wait a moment to see if anyone from the Department comes in.

Mr. ABERNETHY. Mr. Evans, we are happy to have you. You come from the Department?

Mr. EVANS. Yes, sir.

Mr. ABERNETHY. We want you to tell us something about this bill.

Mr. Rivers has already enlightened us considerably but we would like to have a statement from you about it.

State your name and your position, for the record.

STATEMENT OF WILLIAM H. EVANS, CHIEF, PROGRAM EVALUATION AND NEEDS BRANCH, CONSERVATION ANALYSIS DIVISION OF ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. EVANS. William H. Evans, Chief, Program Evaluation and Needs Branch, Conservation Analysis Division of ASCS.

This bill would provide for Alaska a means of development of agricultural land. They have a great potential in land resources, and, although they are far north, many agricultural commodities grow

very well there. This would provide a means whereby cost sharing—a portion of the cost of land clearing, land shaping, drainage, and other things of that sort—would be provided by the Federal Government under much the same system as the agricultural conservation program is carried on.

Mr. ABERNETHY. Is not the ACP program available to these people now?

Mr. EVANS. Yes, it is.

Mr. ABERNETHY. Are they making use of it?

Mr. EVANS. They are making use of it.

Mr. ABERNETHY. Is it administered by a county committee?

Mr. EVANS. Yes; and a State committee.

Mr. ABERNETHY. Do you have the same agricultural advisers in the State of Alaska as they have in the States in the way of county agents, soil conservationists, ASC managers, and so forth?

Mr. EVANS. Yes, sir. They have an Extension Service Experiment Station set up very much as the other States.

Mr. ABERNETHY. In addition to the ACP assistance which is available, what other assistance do they need?

Mr. EVANS. The ACP assistance amounts to, in 1962, about \$64,000.

Mr. ABERNETHY. I am not speaking of dollars but land development or whatever you call it here.

Mr. EVANS. Well, the current acreage of cropland is less than 30,000 acres.

Mr. ABERNETHY. Is the core of this thing that they need somebody to help them clear some land?

Mr. EVANS. Yes; it is that they——

Mr. ABERNETHY. Get some stumps out and need some help to clear the land and to develop pastures?

Is pasture assistance available to them through ACP?

Mr. EVANS. Yes; that is correct.

Mr. ABERNETHY. Why is additional assistance needed for this purpose?

Mr. EVANS. The same kind of land development needs to be done for pasture as for cropland. In other words, it is a pretty brushy situation.

Mr. RIVERS. Yes; it is.

Mr. EVANS. A kind of sparse forage.

Mr. ABERNETHY. Is it a question of dollars with ACP up there?

Mr. EVANS. ACP funds that go in, of course, are put there by formula. This is a relatively small amount to do the kind of job that is required for land development.

Mr. ABERNETHY. Is this to be done for people who are currently farming, or is it to be done to bring other farmers in?

Mr. EVANS. I would assume that there would be some of both. Currently farm resources are not too great for the number of farmers they have, and there is a need for more agriculture generally.

Mr. ABERNETHY. How many farmers are up there now, farm families?

Mr. EVANS. Let me see; I need to ask someone about that.

Mr. RIVERS. 367 is the figure we have.

Mr. EVANS. That sounds about right.

Mr. ABERNETHY. That is farm families?

Mr. RIVERS. Farm families.

Mr. ABERNETHY. You have about 1,500 or 2,000 people?

Mr. RIVERS. That would be approximately the number on farms including the wives and children.

Mr. ABERNETHY. A population of 230,000.

I did not mean to interrupt.

Proceed.

Mr. EVANS. I have very little else to add. The Department reported favorably on the bill, by letter to the chairman on May 24. That letter gives the Department's views. I have a draft of a statement on the bill here I might submit for the record.

Mr. ABERNETHY. If you want to wait until you have the draft ready to send it up, we will insert it for inclusion in the record, together with the statement you are making this morning.

(The statement referred to above follows:)

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

One of the major problems of Alaska is the lack of productive land. The bill, H.R. 10101, would authorize assistance to farmers in Alaska to develop and utilize more effectively their agricultural resources.

The bill provides authorization for an appropriation of a maximum of \$1,250,000 for the entire program, excluding administrative costs and limits the payments for any program year to \$125,000. This compares to the current allocation under the regular ACP of \$64,000 (1962) for cost sharing to assist farmers to apply conservation measures. The bill would authorize the Secretary of Agriculture to formulate and carry out a land development program under which payments or grants would be made to agricultural producers in Alaska for carrying out specified farmland development measures. Such measures would likely include but not be limited to land clearing, draining, shaping and otherwise conditioning land for the production of crops or for pasture. In making this assistance available the Secretary would have authority to enter into long-term agreements with agricultural producers.

It is anticipated that the payments under these agreements will represent only a portion of the cost of the approved measures, with the farmer bearing the balance of the cost—similar to the cost sharing under the agricultural conservation program.

The Department has recommended that the bill be passed. The program which it would authorize is, we believe, needed. The agricultural economy of the State has not kept pace with its rapid growth in population. In the years between 1950 and 1960 the population of Alaska increased 75 percent. While the total population of Alaska is still nearly two-thirds rural, the urban centers increased by 150 percent as against less than 50 percent in the farming area.

A very high proportion of the agricultural products used in Alaska must be imported. This means that food costs are extremely high and acts as a deterrent to the economic development of the State. Labor and equipment costs for agricultural land development are also extremely high.

It is estimated that the program authorized by this bill would help develop about 1,500 to 2,000 acres annually for agricultural use and a total of about 20,000 acres under the total authorization. The present amount of cropland in Alaska is less than 30,000 acres.

The Department recognizes the need for building a stronger agricultural base in Alaska and believes that the proposed legislation would provide a valuable and practicable addition to other programs in operation in the State. The development of additional agricultural land in Alaska would provide value not only to the people of that State but would serve the national interest by providing the means by which Alaska's growth would be better shared in an orderly and well balanced manner for the benefit of the Nation as a whole.

The development of new agricultural land in Alaska as authorized in this bill will only partially fill the gap between the food and feed supply in the State. The demand for fresh products (vegetables, dairy, and poultry) is so pressing that expansion in farming would be expected to take place in those directions. Even with the assistance provided in this bill the expected expansion would not be great enough to offset the expanded need for these products for the projected increase in population.

For these reasons the Department endorses this bill.

Mr. ABERNETHY. Did this idea originate in the fertile mind of our friend here, the Congressman from Alaska, Mr. Rivers, or in the Department of Agriculture, or the chamber of commerce, or just where?

Mr. EVANS. The first we heard of it was a request from the Alaskan Senators and Congressmen.

Mr. ABERNETHY. I see.

Mr. EVANS. Outlining what they thought they needed as a program and as a drafting service, and purely as such, we drew up a draft of a bill for them.

Mr. ABERNETHY. I know that the bill authorizes \$1,250,000 and not more than \$125,000 to be spent annually. Why this ceiling on the annual expenditure? I presume that that is the amount that could be soundly and profitably handled in any one year?

Mr. EVANS. Yes.

Mr. ABERNETHY. How many acres do you contemplate that that amount of money will put into agricultural production per year?

Mr. EVANS. 1,500 to 2,000.

Mr. ABERNETHY. Each year?

Mr. EVANS. Yes, sir; and a total of perhaps 20,000 acres for the entire program.

Mr. ABERNETHY. Do you contemplate doing any of these improvements or conditioning on land which has not been homesteaded?

Mr. EVANS. No, sir.

Mr. ABERNETHY. Awaiting the homestead of someone?

Mr. EVANS. It needs to be privately occupied.

Mr. ABERNETHY. What is the formula for assessment? Let us assume that Farmer Jones in Alaska has his 160 acres. What benefits would he get from the Government and what would he put up, if anything?

Mr. EVANS. The provision in the bill would state that the Secretary could enter into an agreement with the farmer on the basis of a kind of plan he laid out. He may lay one out that covers 4, 5, 6 years or longer.

Mr. ABERNETHY. What dollars would the farmer put up?

Mr. EVANS. The farmer would put up—

Mr. ABERNETHY. I do not think it is going to be easy to sell an idea on the floor which gives the Government blanket authority to go out and put a man in the farming business any more than it would in the case of a mercantile business or anything else, unless the man is putting something into it, to say the least.

What do they contemplate he will put up?

Mr. EVANS. Pretty largely that would be determined by the Secretary at the time the agreement was entered into.

We have no rates of assistance at the present time in excess of 80 percent of the actual cost and most of them run 50 percent or below.

Mr. ABERNETHY. That is with ACP?

Mr. EVANS. That is correct.

Mr. ABERNETHY. Does not the law now provide percentages, and so forth, the dollars that a farmer on the mainland shall put up on an ACP program?

Mr. EVANS. Cost sharing is a part of the cost.

Mr. ABERNETHY. I know it is a part but what part?

Mr. EVANS. Usually around 50 percent.

Mr. ABERNETHY. Do you not think that this bill might be more acceptable to the Congress if the formula was spelled out at least to some degree in this bill?

Mr. EVANS. I am not in a position to answer that.

Mr. ABERNETHY. Assume that you were a Member of the House. I can anticipate somebody saying, "What is Farmer Jones going to put into this thing?"

Mr. EVANS. There is no formula specifying the percentage of cost in the basic Soil Conservation and Domestic Allotment Act. I think it would be fair to say that this proposal would follow the Great Plains program. I think it would be safe to say that it will follow those rates which are from 50 to 70 to 80 percent of cost.

Mr. ABERNETHY. By the Government?

Mr. HARVEY. Would the Chairman yield?

Mr. ABERNETHY. Yes.

Mr. HARVEY. Under what particular type of conditions would you go up to 80 percent?

Mr. EVANS. On the very difficult type of thing involving erosion or excessive drainage or something of that sort, which would require a great deal of heavy equipment.

Mr. HARVEY. Like building expensive terraces or diversion channels?

Mr. EVANS. That is correct; yes, sir.

Mr. ABERNETHY. There is not too much erosion up there, is there?

Mr. EVANS. I understand there is some, largely wind erosion.

Mr. ABERNETHY. Excuse me.

Mr. HARVEY. Go ahead.

I just wanted to interject that question at that point.

That is all.

Mr. ABERNETHY. Is it anticipated that under this program that more farmers will come into the State?

Mr. EVANS. I would think so. There is need for greater agricultural development in the State.

Mr. ABERNETHY. Is it designed to bring in more?

Mr. EVANS. Not necessarily to bring more in; no, sir, but to help those who do come in. The economy of the State and its agricultural development, we feel, as the Department has stated, is something of national interest as well as local interest.

Mr. ABERNETHY. Do you think it is better to approach this matter in a separate bill, setting up a separate and distinct individual program for a particular State or to bring it under the Soil Conservation Domestic Allotment Act in a special way?

Mr. EVANS. This would be, in effect, a part of the Soil Conservation and Domestic Allotment Act to fit a particular problem very much in the same manner as the Great Plains program is to fit a particular problem in the Great Plains.

Mr. ABERNETHY. Mr. Harvey?

Mr. HARVEY. I have no questions.

Mr. ABERNETHY. Mr. Reifel?

Mr. REIFEL. I just wondered, is this a sufficiently different kind of approach, therefore requiring something such as you suggested, a formula in here to make it easier to understand on the House floor if the question arises?

Mr. ABERNETHY. I think if a formula were in the bill, it would make it easier to understand. The witness states there is no formula in our

Soil Conservation Domestic Allotment Act but I thought there was. Evidently there is not.

Mr. REIFEL. If this should get favorable consideration in our full committee, this question is likely to be asked on the House floor and reference could be made to other programs that are carried out in much the same manner.

Mr. ABERNETHY. I personally think that the legislation would be more readily received and acceptable in the House if we simply amended the Soil Conservation and Domestic Allotment Act and made this special provision for Alaska in the act, although the end result is the same.

I am just thinking out loud about this and I thought that might be the best approach.

Do you have anything further?

Mr. REIFEL. Nothing further.

Mr. ABERNETHY. Mr. Stubblefield?

Mr. RIVERS. Mr. Chairman, may I add a pertinent statistic?

Mr. ABERNETHY. Yes.

Mr. RIVERS. I have the information that the ACP committees have set a limit of \$500 per farm per year in Alaska.

Mr. ABERNETHY. That is because of the allocation that is made to the State under it. I imagine they had to set that up, is that right? Is that right, Mr. Evans, they had to set up a ceiling?

Mr. EVANS. Several States and counties do set a limit particularly where these expensive practices are involved. It is not practical—

Mr. ABERNETHY. The Federal law provides for a ceiling of \$2,500 annually?

Mr. EVANS. That is right. It is not practical to bring in heavy equipment and pay rental on it unless there is an adequate amount to do a job while the equipment is there.

Mr. ABERNETHY. Do you know what amount of funds is made available annually to Alaska under the ACP program?

Mr. EVANS. Approximately sixty to sixty-five thousand. I think it was \$64,000 in 1962.

Mr. ABERNETHY. How does that compare with some of the other sparsely settled areas?

Mr. EVANS. We have none quite that small except the Virgin Islands.

Mr. ABERNETHY. I am sure of that.

Mr. EVANS. I think Rhode Island—and I do not have the statistics with me but I can bring them to you—

Mr. ABERNETHY. Do you know what the rate is for Nevada?

Mr. EVANS. Around \$390,000.

(The table referred to follows:)

1962 agricultural conservation program allocations to States with small agricultural resources

[In thousands of dollars]

| State: | 1962 allocation |
|---------------------|--------------------|
| Alaska..... | 64 |
| Delaware..... | 323 |
| Hawaii..... | 178 |
| Nevada..... | 389 |
| Rhode Island..... | 80 |
| Virgin Islands..... | 13 |

Mr. ABERNETHY. Why is the quantity for Alaska only, how much?
Mr. EVANS. \$64,000.

Mr. ABERNETHY. Why is it at that level?

Mr. EVANS. Because of the fact that they have less than 30,000 acres of cropland. Their pastureland is very little also in proportion, and although there are various estimates of the acreage of privately owned pasture I believe it is about 200,000 or less, so-called pastureland, much of which, or most of which is unimproved.

Mr. HARVEY. Just natural?

Mr. EVANS. Yes, sir.

Mr. ABERNETHY. 30,000 acres of cropland?

Mr. EVANS. Less than that.

Mr. ABERNETHY. 200,000 acres of pastureland?

Mr. EVANS. Unimproved pastureland.

Mr. ABERNETHY. How many farm families are up there, did you say?

Mr. EVANS. 367.

Mr. RIVERS. Mr. Chairman, that includes tracts of as small as 10 acres within that 367.

Mr. ABERNETHY. These people are not trying to make a living on 10 acres of land, are they?

Mr. RIVERS. No. Their tracts may be bigger but that is all they could have under cultivation. There are some small ones trying to work on the side and implement their living by farming with 10 acres.

Mr. ABERNETHY. Or gold mining?

Mr. RIVERS. Yes.

Mr. ABERNETHY. Do you care to add anything further, Mr. Rivers?

Mr. RIVERS. Not that I can think of.

Mr. ABERNETHY. Do you, Mr. Evans?

Mr. EVANS. No, sir.

Mr. ABERNETHY. Are there any further questions from members of the committee?

Mr. REIFEL. No.

Mr. HARVEY. No.

Mr. ABERNETHY. Mr. Evans, when the statement you are preparing is ready, will you send it up to the clerk of the committee and it will be included in the record.

Mr. EVANS. I will be glad to do so.

Mr. RIVERS. Mr. Chairman, I may have a few more supporting letters in the next few days.

Mr. ABERNETHY. Without objection, they may be included in the record.

Thank you very much, gentlemen.

The committee stands adjourned.

(Thereupon, the hearing was adjourned at 11:17 a.m.)

S. 2121

ESTABLISH FEDERAL AGRICULTURAL SERVICES
TO GUAM

AUGUST 14, 1962

DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

ESTABLISH FEDERAL AGRICULTURAL SERVICES TO GUAM

TUESDAY, AUGUST 14, 1962

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

The subcommittee met at 10 a.m., in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Abernethy, Johnson of Wisconsin, Stubblefield, Inouye, Dague, Harvey, and Dole.

Also present: Christine Gallagher, clerk.

Mr. JONES. The committee will come to order.

The first bill we shall take up this morning will be S. 2121, to establish Federal agricultural services to Guam, and for other purposes. (The bill S. 2121 follows:)

[S. 2121, 87th Cong., 2d sess.]

AN ACT To establish Federal agricultural services to Guam, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to establish and maintain an agricultural program in Guam which will include such programs administered by the United States Department of Agriculture, hereinafter referred to as "Department", as are determined by the Secretary will promote the welfare of that island. This authority may be exercised without regard to section 25(b) of the Organic Act of Guam (64 Stat. 390; 48 U.S.C. 1421c(b)), or any other provision of law under which Guam may have been excluded from such programs. The Secretary is authorized to provide for such modification of any such programs extended to Guam as he deems necessary in order to adapt it to the needs of Guam. The program authorized by this section shall be developed in cooperation with the territorial government of Guam and shall be covered by a memorandum of understanding agreed to by the territorial government and the Department. The Secretary may also utilize the agencies, facilities, and employees of the Department, and may cooperate with other public agencies and with private organizations and individuals in Guam and elsewhere: *Provided*, That the number of employees of the United States Department of Agriculture stationed on Guam to carry out the purposes of this Act shall not exceed five at any one time.

SEC. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act. The moneys appropriated in pursuance of this Act shall also be available for the purchase and rental of land, the construction or acquisition of buildings, for the equipment and maintenance of such buildings, and such other expenditures as may be necessary to carry out the purposes of this Act. Sums appropriated in pursuance of this Act shall be in addition to, and not in substitution for, sums appropriated or otherwise made available to the Department, and may be allocated to such agencies of the Department as are concerned with the administration of the program in Guam.

Passed the Senate June 23, 1962.

Attest:

FELTON M. JOHNSTON, *Secretary.*

[87th Cong., 2d sess., S. Rept. 1613]

GUAM AGRICULTURAL SERVICES

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2121), to establish Federal agricultural services to Guam, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill authorizes the Secretary of Agriculture to establish an agricultural program for Guam under a memorandum of understanding with the territorial government of Guam. Any program of the Department of Agriculture which will promote the welfare of Guam may be included in the program with any appropriate modification. The primary need is for technical assistance. The number of USDA employees stationed on Guam under the act at any one time would be limited to five.

The bill was requested by the Department of Agriculture and results from a survey made by USDA employees in 1956 and the recommendations in their report made in 1958.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 13, 1961.

HON. SAM RAYBURN,
The Speaker, House of Representatives.

DEAR MR. SPEAKER: There is transmitted herewith, for the consideration of the Congress, a draft bill¹ entitled "To establish Federal agricultural services to Guam, and for other purposes."

The proposed legislation would authorize the Secretary of Agriculture to establish and maintain an agricultural program in Guam. It would include such programs administered by the Department of Agriculture as are determined by the Secretary to promote the welfare of that island. All programs authorized under the proposed bill would be developed in cooperation with the territorial government of Guam and be covered by a memorandum of understanding agreed to by that government and the U.S. Department of Agriculture. This would insure that the full potential of the territorial government in the solution of Guam's agricultural problems would be brought to bear and that there would be effective coordination of local and Federal interests in program development. The legislative proposal also contains a proviso limiting the number of Department employees to be stationed on Guam to five at any one time in carrying out its purposes. It would authorize an appropriation of funds to carry out the purposes of the legislative proposal.

In October of 1956 this Department, at the request of the Department of the Interior, sent a survey group to study the agricultural needs of Guam. Their report was issued in March of 1958. The legislation which we are now proposing would carry out the recommendations of the study group.

Technical assistance is the primary need to further develop the agriculture of Guam. This assistance could best be rendered by a small staff working cooperatively with the Guam Department of Agriculture. Technical help is needed by them in the field of agronomy, soil and water conservation, livestock and poultry, horticulture, marketing, home economics, 4-H club work and other rural development.

Program activities as envisioned under the proposed bill would be conducted under the local leadership of a single Federal staff member. Under this arrangement the local leader would have a joint assignment for all program activities and would be considered as the administrative representative of this Department in matters involving agricultural activities on Guam.

If this legislation is enacted the first phase in carrying it out will be to adapt existing extension procedures and known research and marketing facts to the agricultural problems of Guam. Major efforts will be directed to problems associated with soil and water conservation. In crop and livestock production attention will be directed toward determining the value of superior varieties and breeds and management practices under the tropical conditions of Guam.

¹The draft bill referred to above is identical to the bill introduced in the Senate, S. 2121.

This program would be developed and conducted so that the technical assistance and training afforded by the U.S. Department of Agriculture would supplement and strengthen the functions of the Guam Department of Agriculture.

Physical facilities to carry out the proposed program would be arranged for under a memorandum of understanding. There will be no need for extensive capital outlay for these facilities.

Although the development of a budget for the proposed program would depend in part upon the financial ability of the Guam government to contribute to the program, it is anticipated that the requirement for a recurring annual Federal operating budget would rarely exceed \$100,000. The possible need for extending direct benefit payments to the farmers of the island, such as for agricultural conservation practices or for credit for production needs and for the purchase of farms, cannot be projected on the basis of current information.

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.

CHANGES IN EXISTING LAW

The authority granted by the bill will be exercised without regard to the following section of the Organic Act of Guam :

ORGANIC ACT OF GUAM (48 U.S.C. 1421c(b))

* * * * *

SEC. 25. (a) * * *

(b) Except as otherwise provided in this Act, no law of the United States hereafter enacted shall have any force or effect within Guam unless specifically made applicable by Act of the Congress either by reference to Guam by name or by reference to "possessions". The President of the United States shall appoint a commission of seven persons, at least three of whom shall be residents of Guam, to survey the field of Federal statutes and to make recommendations to the Congress of the United States within twelve months after the date of enactment of this Act as to which statutes of the United States not applicable to Guam on such date shall be made applicable to Guam, and as to which statutes of the United States applicable to Guam on such date shall be declared inapplicable.

Mr. JONES. We have from the Department this morning Mr. D. V. Lumsden, assistant to the Director, Crops Research Division, Agricultural Research Service, U.S. Department of Agriculture.

We shall be glad to hear from you at this time, Dr. Lumsden.

STATEMENT OF D. V. LUMSDEN, ASSISTANT TO THE DIRECTOR,
CROPS RESEARCH DIVISION, AGRICULTURAL RESEARCH SERVICE,
U.S. DEPARTMENT OF AGRICULTURE

Mr. LUMSDEN. Do you wish me to proceed?

Mr. JONES. Yes, sir.

Mr. LUMSDEN. Do I have to be identified further?

Mr. JONES. I think I have identified you sufficiently unless you care for further identification.

Mr. LUMSDEN. No, thank you, sir.

I have no prepared statement here this morning. I feel that the defense of the Guam bill has been well documented in the past. On March 29, 1960, there was a hearing before Congressman Cooley's full committee concerning the bill, at that time designated as H.R. 9866. The miscellaneous hearings, serial GGG, contains a complete report on the hearings and gives a great deal of detail in regard to the bill which was being considered.

At the time of that hearing the committee seemed to be of the unanimous opinion, or at least it was the consensus that there should be a limitation contained in the bill over and above the way it was presented at the hearings, and to that end we were instructed to go back to the Department of Agriculture and include a limitation in the bill.

Subsequent activity has indicated that that limitation was included in the bill, which I understand is being considered here this morning, S. 2121, which provides that no more than five members of the Department of Agriculture will be on Guam at any given time in regard to carrying out the activities provided in the bill.

I understand that this S. 2121 has already been passed by the Senate and is now up for consideration here.

As I do not have a prepared statement I would like to say that I was the leader of a group from the Department of Agriculture comprising five men who conducted a survey of the agricultural situation on Guam in 1956. This was documented in a report entitled "The Agricultural Needs of Guam, Mariana Islands, Report of a U.S. Department of Agriculture Survey Group." This was issued in 1958. It includes the recommendations that the Department of Agriculture made at that time.

With that introductory statement I shall be glad to answer questions from any of you gentlemen as you see fit regarding this bill.

Mr. JONES. Thank you, Dr. Lumsden.

The bill does have this:

That the number of employees of the United States Department of Agriculture shall not exceed five at any one time.

That is the same wording which was used in the amendment which was carried in the House bill in 1960.

Can you enlighten us on the actual number and the type of personnel which would be contemplated under this bill for Guam?

Mr. LUMSDEN. Yes, I shall be glad to do that.

I might say we are drawing from the experience of an activity which started on the Virgin Islands in about 1952.

Congress provided that a research and extension program would be set up on the Virgin Islands which is conducted by the Agricultural Research Service of the USDA.

Over the years we have had considerable experience in conducting that program as directed by Congress. It is still a going program on the Virgin Islands, and we feel we could do well in heeding the staffing problems we experienced there in instituting this program on Guam.

We are planning about the same number of scientific personnel in connection with the Virgin Islands program at this time. On the basis of the survey of the five men representing USDA on Guam, it would appear we are streamlining activities such as has occurred in all branches of the Federal Government in the past 5 or 6 years. Specifically for Guam we would want to make some modifications of our program on the Virgin Islands, possibly broader concepts. For example, there is rural development activity which has become a tremendous moving force and we in the Department have been proud to contribute to that. It seems to me we shall have to consider that.

We feel, as is so true in all of our outlying possessions, education and extension activity are very important in guiding people who have the

earnestness to do better in agriculture, and it seems that this RAD activity is pointing very definitely in that direction.

The provision in the basic report, for this group of five, permits the Department of Agriculture to have representatives from the agencies meet in full cooperation with the Guam government in staffing and developing a program which will be best fitted for the needs of Guam as they exist at the present time.

It has been our best judgment that this group of five which is suggested in the limitation of the bill would constitute technical personnel working closely with the representatives of the local Guam government and the Guam Department of Agriculture.

Mr. JONES. You still did not tell us the type of personnel. In other words, you would have to have some stenographic help there in various offices, I presume.

Mr. LUMSDEN. Again drawing from the Virgin Islands experience, the five would be technical individuals who would come from Washington, D.C. The balance, we would assume, would be clerical and housekeeping people who would be employed locally rather than being people who would come from the continental United States.

Mr. JONES. Would they be employees of the USDA?

Mr. LUMSDEN. We would assume, again drawing from the Virgin Islands, there would be a contribution from the Guam government in order to complement this program and make it an entity. I feel we could do best by having technical assistance from the Department of Agriculture here in Washington and complemented by native Guamanians, many of whom are very able in these capacities of subprofessional help and clerical help.

Mr. JONES. You have only a little over 500 farms in Guam now, as I understand it.

Mr. LUMSDEN. That number is quite variable. There are over 2,000 farms on the basis of the 1960 census, but that is a very, very broad interpretation of what constitutes a farm. For those who were full-time farmers and gaining their livelihood from the soil exclusively, with no outside jobs, I should judge now, on the basis of my findings in 1956, that that number will be somewhat less than 2,000—but you can go to the other extreme, on the basis of the 1960 census indicating over 2,000 farms.

Mr. JONES. In Guam, as I understand it, we have a rather small area which would be less than most counties, would it not? Would you think that the setup there would be similar to the extension service in a county?

Mr. LUMSDEN. Yes. We have heard a great deal about the Little League in baseball and what a wonderful thing that is for sports in the United States. I wish that in 1862 they had made provisions for a "Little League" in the land grant college system whereby we would have the counterpart of an experiment station and extension service such as we have now well established and doing a wonderful job in the 50 States.

Unfortunately for our outlying territories and possessions we do not have the extension service. We do not have the experiment stations there. Not that we should have a full-time organized activity such as we have in the 50 States, but we have almost everything in the States and nothing in the territories in the way of this promotion of

agriculture, particularly in dealing with youngsters, 4-H clubs, and all those traditions in the States which have been very successful for agriculture in the past.

Mr. JONES. I have not seen anywhere an estimate of the cost of this activity. What do you estimate the annual cost would be?

Mr. LUMSDEN. The legislative history would indicate there have been sums all the way from \$30,000 to very much more elaborate programs involving the whole trust territory, including Guam, which would come close to half a million dollars. That is all documented in our basic report.

The thinking, particularly on the basis of our Virgin Islands activity, would indicate that it will come close to \$100,000, and that will be absolutely minimum.

I don't know whether I should go into details, but I might mention in the first place the terrific distance, over 8,000 miles from the New York and 5,200 miles from San Francisco. Whether it is offshore military service or civilian service, many things have to be transported to those distant places.

Further, in dealing with offshore employees there are provisions whereby they get a cost-of-living allowance. There is also a provision whereby they and their families are transported to their place of work from their place of recruitment, essentially as a recruitment inducement and to hold personnel turnover to a minimum. Also each 2 years a man and his family can be returned to his place of recruitment with the travel expenses paid. All of these factors we have found in these offshore locations increase the cost of the program very, very greatly.

It seems to me it would be very realistic to think in terms of a minimum of \$100,000 to do the job.

Mr. JONES. During the hearings in 1960 it was suggested that the needs of Guam could be provided through the Hawaiian office. Would that be a practical suggestion?

Mr. LUMSDEN. The speaker of the Guam House of Representatives, who appeared at the meeting at that time, I should judge took a rather dim view of that sort of situation. I also think perhaps we have plenty of tradition for that in the States where each one of the States of the United States would react similarly. They are not too happy if they feel they are playing a secondary role to another State.

Although Hawaii now is honored with complete statehood, I believe Guam feels is is an entity. Not that they feel they have aspirations for being a State, at least not in the immediate present, but there will be difficulties and there is no tradition in connection with organizing that sort of situation; whereas since the early 1900's the Federal Government has dealt independently with these offshore territories and possessions for agricultural services.

In Alaska before it became a State and in Hawaii before it became a State, and in the Virgin Islands, and so on, we have done that.

Mr. JONES. I notice you said we do not anticipate Guam becoming a State immediately. I think that is the fear a lot of people have. There might be in some people's minds the fact we are contemplating making them a State. I think you will run into an awful lot of opposition to that.

Mr. LUMSDEN. I can understand your point of view. Of course, it is furthest from my thoughts that that situation would prevail.

Certainly this is definitely a technical aid program, which is a long, long way in our thoughts from anything contributing to statehood, just in the same way that our program which started in the early 1900's in Alaska and Hawaii brought no thought of that.

We have plenty to worry about in agriculture without worrying about the broader aspects of this program.

Certainly it is not within our thinking to feel we are contributing to this other matter which is entirely separate from what we would propose to do.

Mr. JONES. Since we have the 1960 hearings and the report I shall not take any further time.

Question, Mr. Dague?

Mr. DAGUE. Off the record.

(Discussion held off the record.)

Mr. JOHNSON. You mentioned 1,000 farms. What would be the acreage of those 1,000 farms?

Mr. LUMSDEN. The average acreage is 16 acres.

Mr. JOHNSON. That is with 1,000?

Mr. LUMSDEN. That is with 2,000 farms in the 1960 census.

Mr. JOHNSON. A lot of them are acre plots, too?

Mr. LUMSDEN. Many of them are very, very small; yes.

Mr. JOHNSON. Is Guam about 2,000 miles from Hawaii?

Mr. LUMSDEN. I believe 3,300 miles from Hawaii, from Honolulu.

Mr. JOHNSON. Could this bill be amended so that someone from your group in Hawaii could service them?

Mr. LUMSDEN. Just to give you an example of that, this group which made the survey of Guam in 1956 did draw on USDA activities in Honolulu to help us out.

The soil conservation man, Tom McGowan, was from Soil Conservation Service, and because of illness it happened the plant quarantine man, Mr. Wakefield, was also from the Honolulu office. The other three men, Extension, Agricultural Marketing Service, and I representing Agricultural Research Service, were from Washington, so that so far as is possible and so far as we could save money we would except to draw on the know-how of Federal people stationed in Hawaii.

Mr. JOHNSON. There is nothing in the legislation which forces you to do it, though. That would be up to you after the legislation is passed.

Mr. LUMSDEN. That is very true. We have to watch our dollars so closely I feel it would be to our advantage to have the best job done by effecting just that sort of an economy so far as it was possible to do the best job possible.

Mr. JOHNSON. How many acres would you say there are under cultivation in Guam?

Mr. LUMSDEN. Again according to the census there are 2,028 farms. I do not have—

Mr. JOHNSON. How much did you say was the average per farm?

Mr. LUMSDEN. The size is 16 acres.

Mr. JOHNSON. If you multiplied 16 by 2,028 farms you would get the total amount in farms but not the total number of acres under cultivation.

Mr. LUMSDEN. That is right, but not under cultivation because the farms would include pasturelands, woodlands, and that type of thing.

Mr. JOHNSON. That would be 32,688 acres. Is that the figure you get?

Mr. LUMSDEN. I didn't calculate that, but if that is your figure I shall accept it.

Mr. INOUE. Sir, what is the cost of agricultural products as compared to costs of similar products in the mainland? Is it much higher in Guam?

Mr. LUMSDEN. The maintenance——

Mr. INOUE. The cost of agricultural products, say carrots in Guam versus carrots here.

Mr. LUMSDEN. All agricultural products cost more. On Guam, as is true of some of the other distant possessions, everything has to be shipped from the United States in the way of fertilizers, in the way of concentrated feeds for animals, and all of that, so that it is inevitable that the costs are very much higher there than you would find them in the continental United States.

Mr. INOUE. With this program would it be possible for Guam to increase production of agricultural products?

Mr. LUMSDEN. That is what we propose to do. That has been our pattern on the Virgin Islands and in Alaska. It is to encourage the home growing of all crops going into feeds for animals and into feeding humans, too.

Mr. INOUE. Would it not cut down the cost of the military operations on Guam?

Mr. LUMSDEN. That is true. Of course, it is an old story with you in regard to the difficulties we have in paying for transportation costs, particularly where we are dealing with the military. They have been very good in purchasing products of the farmers on offshore locations, but there always has been a difficulty in keeping the soldiers rationed as low as possible with the cost of transportation the way it is considered by the armed services and the way the farmer on Guam or on any other offshore location has to consider it in the way of selling his produce to the service at a reasonable and a profitable figure.

Mr. INOUE. You have mentioned the Virgin Islands experiment. What success have you experienced there?

Mr. LUMSDEN. We found it has been very, very difficult to work with the older people there. They are not too happy in working in agricultural pursuits. It is possible their long background of looking upon agriculture with a certain degree of subservience may be responsible for that.

Nevertheless, with that traditional background, which is well documented, and reports of one kind or another, we do feel we are striking pay dirt particularly in our extension activities with the 4-H children. We find there is definitely a new outlook as a consequence of having these 4-H Clubs scattered over the islands of the Virgin Islands, and they look upon agriculture as something other than the humdrum and toil with which some of the older people of the Virgin Islands look upon it.

Mr. INOUE. Is the Guam government prepared to complement this program?

Mr. LUMSDEN. I should say very definitely yes. I was quite surprised with them in 1956, the forward look they have, the way they

have gone into this problem of agriculture since Guam was reoccupied by American forces. The whole island was essentially blown up. I have followed the Governor's reports each year and the latest report for 1961 is very interesting, comparing particularly the agricultural report with the agricultural report of 1956. It shows definite progress. It shows an initiative which is quite commendable.

Mr. INOUE. I noted with some interest that the present Governor at his own expense brought in some cattle.

Mr. LUMSDEN. Yes; they are doing that increasingly. As a matter of fact, there was a shipment of cattle which arrived in 1956 while we were there, but they have continued that and they seem to be constantly looking into that matter of finding the best means possible of improving their agriculture and showing considerable initiative in regard to it.

Mr. INOUE. This may sound like a silly question, but would you say this would be money well spent in Guam?

Mr. LUMSDEN. On Guam?

Mr. INOUE. Yes.

Mr. LUMSDEN. I definitely think so, yes. I was very favorably impressed with the zeal and the earnestness of those people as I saw them there in 1956, and I believe that is the consensus of opinion, in fact, the unanimous opinion of our group which visited Guam at that time.

Mr. INOUE. Thank you very much.

Mr. HARVEY. I have no questions, Mr. Chairman.

Mr. STUBBLEFIELD. How do you compare the situation with the Virgin Islands. There is a difference in the background of the people there. The Guamanians do not have this feeling which the Virgin Islanders have about working in agriculture. Is that true?

Mr. LUMSDEN. As I described the situation in the Virgin Islands?

Mr. STUBBLEFIELD. Yes.

Mr. LUMSDEN. That is true. I didn't notice, so far as the Guamanians are concerned, any of this unfortunate tradition which exists on the Virgin Islands.

Mr. STUBBLEFIELD. That is all.

Mr. DOLE. What percentage of Guam is in cropland?

Mr. LUMSDEN. It is very, very low. I haven't the actual percentage of figures because I have not been there since 1956. Apparently their cropland has increased, but I do not have recent figures.

Mr. DOLE. Do you know how many acres there are in Guam?

Mr. LUMSDEN. Total acreage of the whole island?

Mr. DOLE. Yes.

Mr. LUMSDEN. 225 square miles for the entire island, I haven't the acreage figure here. I can look it up.

Mr. DOLE. They have territorial services available, territorial agricultural services available furnished by the territorial government of Guam?

Mr. LUMSDEN. They have a Guam Department of Agriculture under the Guam government, yes, sir.

Mr. DOLE. How many employees do they have?

Mr. LUMSDEN. I believe the latest figure shows they have 43 employees on the basis of the Governor's report for 1961, with a budget of \$271,000.

Mr. DOLE. How many cattle do they have in Guam at the present time? Do you know the livestock situation?

Mr. LUMSDEN. That could be derived again from the agricultural census of Guam but I haven't that figure immediately available.

Mr. JONES. In the hearings in 1960 they have those figures. There are 243 farmers engaged in the production of various crops, 174 engaged in livestock raising; including 4,500 cattle, 19,000 hogs, and 225,000 chickens being raised, mostly for domestic needs.

Mr. DOLE. You were talking about the total number of full-time farmers. How many did you say there were now?

Mr. LUMSDEN. A little over 2,000 according to the 1960 census.

Mr. DOLE. Full-time farmers?

Mr. LUMSDEN. It doesn't designate. The definition of a farmer for Guam is set up in the census and it does not provide whether they are full time or part time.

Mr. DOLE. Is there a definition for what they call a farm?

Mr. LUMSDEN. That is correct, yes, sir.

Mr. DOLE. Where is that set up?

Mr. LUMSDEN. By the Bureau of the Census in connection with their survey.

Mr. DOLE. That also might be in the 1961 report?

Mr. JOHNSON. Is it the same definition as used in the United States?

Mr. LUMSDEN. I understand it is not. It seems to differ, particularly with our outlying possessions.

Mr. DOLE. Do you know what the definition is?

Mr. LUMSDEN. For Guam?

Mr. DOLE. Yes.

Mr. LUMSDEN. I believe it is a person who has grown any crops during the past year or has any livestock or three or more poultry.

Mr. DOLE. In other words, anyone owning three chickens could constitute a farmer?

Mr. LUMSDEN. That is correct, yes, sir.

Mr. DOLE. A family farmer?

Mr. LUMSDEN. Very much so, yes, sir. You have to understand in Guam there are very, very many primitive little farms where that would be quite understandable.

Mr. DOLE. What about a definition of a farm? How does that tie in with the farmer?

Mr. LUMSDEN. They figure it on the basis of farms and I did not run across any definition of just what constitutes a farmer.

I suppose a farmer would be judged a man who conducts one of these enterprises under the definition of a farm.

Mr. DOLE. If we say that the man who has three chickens is a farmer, if he has these three chickens in the living room or wherever he might keep them, is this called a farm under this definition? As we are talking about the number of farms in Guam, I wonder if there is any real correlation between those farms and what we think of as farms in Kansas, for example. Three chickens would be a Sunday dinner in Kansas but it makes a farmer out of somebody in Guam.

Do you have any idea of what a farm might consist of in Guam?

Mr. LUMSDEN. According to the definition I do not think they looked into the matter of where he would keep these three chickens.

Mr. DOLE. I was trying to find out the necessity of sending five people down there to count the chickens.

Mr. LUMSDEN. I can read that statement to you.

This is under the caption "General Farm Information" in the U.S. Census of Agriculture of 1959, Guam. This states:

For the 1960 Census of Agriculture in Guam, a farm is defined as any "place" on which crops were grown in 1959 or on which any livestock or five or more poultry—

that is the correct figure—

were kept on or about April 1, 1960. The word "place" designates all land under control of one person or partnership exclusive of land used by the U.S. military services. Control may have been exercised through ownership or management or through a lease, rental, permit, squatter, or governmental arrangement.

Mr. DOLE. So a farm would be a place you keep five chickens under that definition?

Mr. LUMSDEN. That is correct.

Mr. DOLE. If you kept them in the icebox—you wouldn't keep them there if they were live.

What is the size of the largest farm in Guam? Are there large farms there?

Mr. LUMSDEN. There are a few very large farms. Now that I have this census report here I think I can answer most of these questions.

For farms 50 hectares or over, a hectare is essentially $2\frac{1}{2}$ acres, there are 24 farms that are larger than 125 acres. There are 90.9 percent of the farms which are below 10 hectares, or 25 acres. You see there are many, many small farms there.

Mr. DOLE. Do you show how many are less than 5 acres?

Mr. LUMSDEN. Forty percent of the farms are under 1 hectare; in other words, under $2\frac{1}{2}$ acres; 27 percent are between $2\frac{1}{2}$ and 5 acres; 18 percent are between 8 and 10 acres, and so on.

Mr. DOLE. I think that is good information to have because it points out the fallacy of considering averages of 16 acres. Apparently 67 percent of the farms are 5 acres or less. Again it gets back to the basic point of what we consider to be a farm.

Perhaps we may not have the right definition, either, but it seems ridiculous to call a farm a place where you can keep five chickens.

That is all.

Mr. INOUE. I would like to make an observation and see whether you concur with it. Prior to the war, Guam had a reasonably thriving agricultural enterprise. During the war Guam was completely devastated and experienced almost complete destruction of whatever it had in the way of agricultural pursuits.

After the war, the military took up most of the arable land which was once used for agricultural purposes.

Considering those circumstances and considering the fact Guam is under the American flag, do you think we do have some obligation to spend \$100,000 there?

Mr. LUMSDEN. I think we do on the basis of the way—again I don't want to harp on this subject—the generous way we treated the Virgin Islanders. I think the Guamanians have the right to the privileges we have given Virgin Islanders and privileges and benefits we are giving other States, so that I do not think that is out of line at all with what we have done with other States and possessions in the way of encouraging agricultural know-how.

Mr. INOUE. How many acres of Guam were taken up by the military?

Mr. LUMSDEN. That is a rather moot question. I know it was awfully difficult for us to get any specific information when we were actually on Guam in 1956. The situation has changed in the meantime with the changing Governors there. The Department of the Interior has become better established there after they took over from the Navy around 1950. Just how that movement has gone, I am not in a position to be able to say.

Mr. INOUE. I would like to point out to the committee, Mr. Chairman, that up until recently the Navy exercised jurisdiction over Guam, making it rather difficult for fellow Americans to move in and out of Guam, the same ease we would find in moving in and out of Tennessee, for example. To a certain extent, this did hold back the progress of agricultural growth. I suppose this situation still exists on Guam?

Mr. LUMSDEN. So far as I know. I know we had to go through quite a lengthy procedure in order to get security clearance for our trip, even though we were members of the Department of Agriculture visiting Guam.

Whether that situation has been liberalized, whether the needs of security are such so that that has had to continue, I am not prepared to say.

Mr. INOUE. I have nothing further.

Mr. JONES. Mr. Heimburger?

Mr. HEIMBURGER. We are now going up the Hill the third time with this bill. If we are going to get favorable action on it we ought to try to present all the information we can this time.

I have just two or three questions on matters I feel need to be included in a committee report if we are to get favorable action on this bill.

Of these five Department employees who might, under the bill, be sent to Guam, what kinds of technicians would you select to send over there?

Mr. LUMSDEN. Because of the provisions of our report it was stated that the board of directors, you might say, of the Guam program would consist of the agencies of the U.S. Department of Agriculture that were most concerned with it, plus a meeting of minds with the Guam government. It would be decided after a meeting of this group just which five people, whether they be agricultural economists, soil physiologists, veterinarians, and so on—

Mr. HEIMBURGER. Surely you can hazard a guess, can you not? What do you think is needed there? Is it a soil conservation man, an agronomist, a biologist, or what?

Mr. LUMSDEN. In my judgment, I should say, for the present, unless things have changed drastically since we were there, you would need to have a soil scientist, an economist, probably an entomologist, a marketing specialist—

Mr. JOHNSON. How about a Farm Home Administration man? Would you be making loans to them?

Mr. LUMSDEN. On the basis of our experience in some of the other offshore locations, I do not think you would have to have a man permanently assigned there, at least not for the present.

Mr. HEIMBURGER. Is it your idea that these employees who would be sent there would on a more or less permanent basis or would various technicians be sent out from Washington for a month, or 2 months, or 6 months?

Mr. LUMSDEN. Longer assignments than that, perhaps 2 or 4 years, again based on our experience on other offshore islands.

Mr. HEIMBURGER. Every time we bring up this bill, the question is asked—Why can't this be handled by a couple of assistant county agents from Hawaii?

Can you give me a good reason why this cannot be done in this way?

Mr. LUMSDEN. I touched on that a little bit earlier.

Mr. HEIMBURGER. Yes, you did.

Mr. LUMSDEN. I think it is this matter of the whole situation being so different and the distance being so great between Hawaii and Guam. I don't say it cannot be done, but it is contrary to the way things have always been done in the past.

For instance, we have a little situation between Puerto Rico and the Virgin Islands. It is not always possible to get just perfect coordination of the activities because there are inherent differences between the two groups of people in their thinking, and as a consequence of our activities between Puerto Rico and the Virgin Islands that is the reason we make the recommendation we feel it would be much better to have two entities so far as Hawaii and Guam are concerned.

Mr. HEIMBURGER. That is all, Mr. Chairman.

Mr. JONES. Other questions?

If not, I want to thank you, Mr. Lumsden.

The committee will now proceed to the next bill.

H.R. 12811

FACILITATE WORK OF THE DEPARTMENT
OF AGRICULTURE

AUGUST 14, 1962

1881

OFFICE OF THE
COMMISSIONER OF AGRICULTURE
WASHINGTON, D. C.

FACILITATE WORK OF THE DEPARTMENT OF AGRICULTURE

TUESDAY, AUGUST 14, 1962

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

The subcommittee met, pursuant to notice, at 11 a.m. in room 1310 New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Abernethy, Johnson of Wisconsin, Stubblefield, Inouye, Dague, Harvey, and Dole.

Also present: Christine Gallagher, clerk.

Mr. JONES. The next bill for consideration is H.R. 12811, a bill to facilitate the work of the Department of Agriculture, and for other purposes.

(H.R. 12811 and the departmental report follow:)

[H.R. 12811, 87th Cong., 2d sess.]

A BILL To facilitate the work of the Department of Agriculture, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of existing law and without regard to section 355, Revised Statutes, as amended (40 U.S.C. 255), but within the limitations of cost otherwise applicable, appropriations of the Department of Agriculture may be expended for the erection of buildings and other structures on land owned by States, counties, municipalities, or other political subdivisions, corporations, or individuals: *Provided*, That prior to such erection there is obtained the right to use the land for the estimated life of or need for the structure, including the right to remove any such structure within a reasonable time after the termination of the right to use the land: *Provided further*, That appropriations and funds available to the Department of Agriculture shall be available for expenses in connection with acquiring the right to use land for such purposes under long-term lease or other agreement.

SEC. 2. Reimbursement authorized by the Acts of July 24, 1919 (7 U.S.C. 394), August 28, 1950 (5 U.S.C. 576), August 14, 1946 (7 U.S.C. 1622(h)), and the Act of June 30, 1932 (31 U.S.C. 686), for inspection, identification, and certification of meat and meat-food products shall remain available without fiscal-year limitation for carrying out any authorized inspection, identification, and certification of meat and meat-food products.

SEC. 3. The Secretary of Agriculture is authorized to make grants, for periods not to exceed five years' duration, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations and to Federal and private organizations and individuals for research to further the programs of the Department of Agriculture.

SEC. 4. The Secretary of Agriculture is authorized to obtain insurance on official motor vehicles operated by the Department of Agriculture in foreign countries, and pay the expenses incident thereto.

SEC. 5. Section 602 of the Agricultural Act of 1954 (68 Stat. 908) is amended by adding at the end thereof the following:

"(e) Any officer or employee appointed and assigned to a post abroad pursuant to this title may, in the discretion of the Secretary of Agriculture, be assigned for duty in the continental United States, without regard to the civil service laws and without reduction in grade, for a period of not more than three years: *Provided*, That the total number of such employees assigned for duty in the continental United States under this provision shall not exceed fifteen at any one time."

SEC. 6. Section 4 of the Act of August 2, 1956 (ch. 878, 70 Stat. 934, 7 U.S.C. 1884), is hereby amended—

(1) by striking the word "insurance" and substituting the word "benefits",

(2) by inserting after "Federal Employee's Group Life Insurance Act of 1954" the words "and the Federal Employees Health Benefits Act of 1959," and

(3) by inserting after "employees' life insurance fund" the words "or the employees' health benefits fund, as the case may be,".

SEC. 7. Section 11(a) of the Act of August 3, 1956 (70 Stat. 1034) is hereby amended by inserting after the word "acquisition" the words "by purchase at other than a nominal amount".

SEC. 8. Section 1 of the Act of July 12, 1943 (5 U.S.C. 542-1) is hereby amended by striking out the word "reimbursed" and inserting in lieu thereof the words "credited with advances or reimbursements".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 8, 1962.

THE SPEAKER,
House of Representatives.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a proposed bill¹ to facilitate the work of the Department of Agriculture, and for other purposes.

This Department recommends enactment of the proposed bill.

The draft bill would provide authority which we believe is needed to more efficiently and effectively administer the Department's programs. The several sections of the proposed legislation are independent, and each would provide specific authority which would facilitate the administration of the work of the Department. The draft bill would—

(1) Authorize the Department to erect research facilities or other structures on land, the use of which is secured for the estimated life of, or need for, the structures; and authorize the use of funds available to the Department for expenses in connection with acquiring the right to use land for such purposes.

(2) Permit the Department to use receipts for reimbursable meat inspection without fiscal year limitation.

(3) Authorize grants for research to State agricultural experiment stations and others to implement the programs of this Department.

(4) Authorize this Department to purchase insurance coverage on its vehicles in foreign countries.

(5) Authorize assignment of agricultural attachés and related personnel for duty in the continental United States, without regard to the civil service laws and without change in grade, for not more than 3 years.

(6) Permit employees of this Department, while temporarily involved in a transfer to a State activity under the act of August 2, 1956 (70 Stat. 934), to preserve their health benefits in the same manner as benefits under the Civil Service Retirement Act and the Group Life Insurance Act are retained.

(7) Authorize the Department to acquire land by donation, exchange, or purchase at a nominal cost.

(8) Amend the present legislation providing for the working capital fund of the Department so as to specifically provide for advances to the fund by agencies of the Department for whom central services are furnished through use of the fund.

Attached to the draft bill are statements explaining the purpose of each of the sections of the proposed legislation.

¹ The draft bill referred to above is identical to the bill as introduced, H.R. 12822.

A similar letter is being sent to the Speaker of the House.

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, *Secretary.*

SUMMARY AND JUSTIFICATION OF PROVISIONS OF DRAFT BILL

Section 1. Authorize the Department to erect research facilities or other structures on land, the use of which is secured for the estimated life of, or need for, the structures; and authorize the use of funds available to the Department for expenses in connection with acquiring the right to use land for such purposes.

States, land-grant colleges, and universities, counties, cities, corporations, and private individuals are often willing to allow the Department to erect, maintain, and operate research facilities and other structures on land owned by them for such period as the land may be needed. In many cases they are, however, unwilling or unable for legal or other reasons to sell or donate the land to the Federal Government. In other cases the Congress has authorized the construction of research facilities on land to be donated, and considerable delay has been experienced in completing the necessary legal arrangements for transfer of title to the Federal Government, impairing the orderly progress of urgent research activities. Under existing legal restrictions the Department is prohibited from erecting permanent facilities on land not owned by the United States, except where specifically authorized.

The proposed legislation would provide authority to the Department of Agriculture to erect structures on land, the use of which is secured for the estimated life of, or need for, the structures. It is expected that such leases would usually be obtained at a nominal cost to the United States. A structure erected under this authority would be subject to any cost limitation fixed by the Congress in appropriation or other acts. Leases would be required to provide for the Government's right to remove the structure within a reasonable time after the termination of the lease.

This authority would be similar to the authority provided to the Forest Service by Public Law 478, 81st Congress, approved April 24, 1950 (16 U.S.C. 571c). In view of the successful experience of the Forest Service in operating under this authorization, it is proposed to extend similar authority to other agencies of the Department.

This authority would probably be used largely for the construction of research facilities. It could also be used to provide facilities for quarantine, grading, insect control, inspection, and other work from time to time.

In addition, the last proviso would authorize the use of appropriations and other funds available to the Department for expenses in connection with acquiring the right to use land for such purposes. Under present requirements the Department cannot enter into satisfactory long-term leases or other arrangements for acquiring right to use land for programs financed by annual appropriations, since it has been held that annual appropriations may only be charged with the proportionate share of the cost applicable to the year the appropriation is available.

Section 2. Permit the Department to use receipts for reimbursable meat inspection without fiscal year limitation.

Legislation is urgently needed to help meet difficult problems in financing meat inspection activities. This authority would permit the Department to use amounts received for authorized reimbursable meat inspection, certification, and specification work to reduce large fluctuations in fund availability, and therefore fluctuations in ability to render adequate service, that occur in this program. Approximately one-fourth of the total funds available for meat inspection are derived from reimbursements, which cannot be forecast accurately either as to amount or timing.

A more flexible arrangement is needed for the use of funds derived from such reimbursements.

The heaviest slaughtering season is during the months of October through January. Accordingly, this would be the time of the year at which employment on meat inspection should be at its highest. However, the total funds to become available for the year's operations are not known at this point, because of the inability to predict accurately the amount to be collected for reimbursements during the balance of the year. Therefore, often it is not possible to staff operations at the most effective level during this season. This authority would make

possible the establishment of a small reserve, which would facilitate planning recruitment to meet the needs of the program during the heavy slaughtering season without the risk of incurring a deficiency should reimbursements not materialize during the balance of the year in the amounts estimated. Authority similar to this is provided for financing of inspection activities under the Poultry Products Inspection Act.

Certain reimbursable programs such as performance of contract specification examinations for the school lunch program and the current depressed areas program are of such a nature that the commencement as well as the termination dates cannot be established accurately in advance. Nor can the eventual size of these programs be determined, even after they are underway. Yet the Department must be in a position to furnish contract specification examination services for such programs the moment they are announced. To insure against overobligation of funds in these circumstances, it is often necessary to resort to employment of personnel on a temporary basis during the period when such programs are underway. Since the inspection of meat for conformity to contract specifications is a complex operation requiring a high degree of knowledge, skill, and familiarity with procedures, employment of such temporary personnel is not a desirable solution. A much more satisfactory operation is possible with a stable force, trained and ready to perform inspection service, both direct and reimbursable, when and as needed. The proposed legislation would help considerably in achieving the desired stability.

The proposed legislation would also enable the Department to provide some small reserve for those situations where there is a sudden cessation or reduction in reimbursements near the end of a fiscal year, such as would occur if there were to be a prolonged strike in the packing industry. Under present arrangements, this situation could require an extensive reduction in force action to stay within available funds. If the strike of other emergency occurred near the end of the year the results could be catastrophic, since the cost of terminal leave payments might offset any savings from reduction in force actions.

Section 3. Authorize grants for research to State agricultural experiment stations and others to implement the programs of this Department.

The Department has had authority for a number of years to make contracts and agreements authorized under the Research and Marketing Act of 1946 (Public Law 733, 79th Cong.) for commercialization, market acceptance, and economic feasibility of industrial utilization of agricultural products and processes and for other research activities of the Department. Public Law 85-934 provides authority to make grants only for basic research. It would be extremely helpful if broader authority were available so that the Department could make grants, for applied as well as basic research, for limited periods, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations and to Federal and private organizations and individuals to further research programs of the Department.

It is difficult to make a fine distinction where basic research ends and applied research begins. This could lead to legal interpretations and result in complications in making grants. Also, following basic research grants to certain institutions or individuals, research leads may develop which would require follow-through for certain phases of applied research consequent to the basic research results. If the authority is restricted to basic research, it would not be possible to follow up such leads.

The science departments of the land-grant and other colleges and universities have experienced research people—professors and research assistants—that are capable of making substantial contributions to our research programs. Many are outstanding experts in their respective fields and could bring to bear upon the various phases of the Department's research activities unique experience and techniques. The Department's program would benefit materially by having opportunity to avail itself through grants of this pool of talent.

Section 4. Authorize this Department to purchase insurance coverage on its vehicles in foreign countries.

Such authority already exists regarding the Foreign Agricultural Service. The Department has more than 100 additional vehicles abroad, however, most of which are trucks operating in Mexico in connection with research or control measures relating to plant pests. Other countries in which cars or trucks of this Department are located are Brazil, Cuba, England, France, Italy, Iran, Kenya, Morocco, and the Netherlands.

In many foreign countries situations exist which necessitate carrying insurance on federally owned vehicles. In some cases these result from requirements of law of a country; in others, from legal procedures which result in extreme difficulty to drivers and passengers even when apparently free of actual responsibility in the circumstances of an accident. Since the provisions of the Federal Tort Claims Act are not applicable to claims arising in foreign countries (28 U.S.C. 2680(k)), employees would be forced to bear the full impact of judgment in accident cases arising out of the performance of official duties.

Some employees carry insurance related to operation of Government-owned vehicles and bear the cost out of their own pockets. For example, an employee in Morocco is bearing the insurance cost on two federally owned trucks since they are essential to our work and cannot be operated without it.

Section 5 (amendment of sec. 602 of the Agricultural Act of 1954 (68 Stat. 908)). Authorize assignment of agricultural attachés and related personnel for duty in the continental United States, without regard to the civil service laws and without change in grade, for not more than 3 years, not exceeding 15 employees at any one time.

Under the present rotation system, it is the policy to assign employees to one or more tours of duty in the United States following periods of continuous service of over 4 years overseas. Under this program the service is strengthened both in Washington and in the field. Persons with field experience will be more valuable in positions in the United States, and persons in attaché positions will be better informed and more effective because of experience gained in dealing, on a day-to-day basis, with U.S. problems in the Department.

Problems arise in matching the grades of attachés with the grades of existing vacancies in the departmental service. Authorization for detail would enable the Department to make the best use of its personnel and would avoid delay or other difficulty in utilizing to the fullest the experience of agricultural attachés. Such authority is essential in operating a system of rotation of employees between agricultural attaché and similar positions at oversea posts and positions in the continental United States. Similar authority is available to the Department of State under section 961 of the Foreign Service Act.

Section 6. Permit employees of this Department, while temporarily involved in a transfer to a State activity under the act of August 2, 1956 (70 Stat. 934), to preserve their health benefits in the same manner as benefits under the Civil Service Retirement Act and the Group Life Insurance Act are retained.

The Department is now authorized, under the provisions of Public Law 918, 84th Congress, approved August 2, 1956 (70 Stat. 934), to interchange employees with States for a period of not to exceed 2 years. This law was enacted so the Federal Government and the several States might better cooperate in problems arising as a result of the interrelationships of their work in the field of agriculture.

Department employees who transfer to a State position under this legislation are considered to be in a status of leave-of-absence from their positions in the Department and are carried on leave without pay. During such status of leave-of-absence, the law permits the employee to retain coverage under the Civil Service Retirement Act and the Federal Employees Group Life Insurance Act of 1954, so long as he continues to make payments into the retirement fund and the life insurance fund in the proper amounts.

Due to the wording of the Federal Employees Health Benefits Act of 1959, employees who are on leave without pay may not receive health benefits coverage beyond 1 year. Thus it is possible that Department employees who are involved in a transfer to a State activity under Public Law 918 may be without coverage under the Health Benefits Act for as much as a year under a 2-year interchange. The proposed legislation would permit the employees to preserve their health benefits coverage in the same manner as benefits under the Civil Service Retirement Act and the Group Life Insurance Act are retained.

Approval of the proposal by the Congress would facilitate the Department's efforts in providing for cooperation between the Department and the States in research and regulatory activities. Employees will accept assignments more readily in State activities if their health benefits coverage is not jeopardized.

Section 7. Authorize the Department to acquire land by donation, exchange, or purchase at a nominal cost.

Under the act of August 3, 1956 (70 Stat. 1034), the Department of Agriculture is authorized to acquire land or interest therein by purchase, exchange, or otherwise as may be necessary to carry out its authorized work, provided that provision for acquisition of such land is made in applicable appropriation or other

law. The above change in language would permit the Department to acquire land by donation or exchange or by purchase at a nominal cost. In most cases this would involve purchases at not to exceed \$100.

This additional authority would be helpful, since present construction under the prescribed limitations is chiefly of prefabricated metal, except for foundations which are usually concrete slabs. In many cases, more permanent type building of masonry construction or with varying foundations is more desirable, but such features would place the building in the category of permanent buildings, which would require Federal ownership of land for their construction. This is the case, also, with greenhouses, for which features of a more permanent nature are needed so that personnel may have satisfactory space for required recording or evaluating scientific data obtained from greenhouse studies. On occasion some cooperators or other public-spirited groups have offered to donate land or to exchange land for use as building sites. Some cooperators can convey land only at a nominal cost. This language would authorize acceptance of these offers and thus permit construction of the more desirable type structure.

Section 8. Amend the present legislation providing for the working capital fund of the Department so as to specifically provide for advances to the fund by agencies of the Department for whom central services are furnished through use of the fund.

The Agricultural Appropriation Act for 1944 appropriated a working capital fund of \$400,000, without fiscal year limitation, for the payment of salaries and other expenses necessary to the maintenance and operation of various central administrative services for the agencies of the Department. This fund has made unnecessary the maintenance of separate like services in the agencies and has contributed to more economical and efficient management of the Department.

The present law provides that the working capital fund shall be reimbursed from appropriations made to the agencies of the Department. The fund is used for the purchase of materials, supplies, and equipment, and the payment of salaries, wages, and other necessary operating expenses in carrying out the central services, pending receipt of reimbursement.

Since 1944 additional services have been provided through the use of the fund. Also, there have been substantial increases in salaries and wages and in prices for materials and equipment. Therefore, it has become difficult to finance these services from the \$400,000 appropriated capital pending reimbursement.

Moreover, additional central services may be initiated in the future. For example, a recent study indicates that it may be possible to provide a central automatic data processing facility for the agencies of the Department. Such a system could result in substantial savings in administrative costs and make the operations of the Department more efficient. However, it would be impossible to finance these additional operations under such a system with the present appropriated capital of \$400,000.

Authority for the agencies to pay for such services in advance would enable the Department to provide the automatic data processing facility, and other services which may be initiated in the future, without an increase in the appropriation for the working capital fund.

Mr. JONES. We have a number of representatives from the Department of Agriculture. Mr. Charles L. Grant, Director of Finance and Budget Officer of the USDA, will make the opening statement, and then we will have other members take up various sections of the bill.

Mr. Grant, you may proceed.

STATEMENT OF CHARLES L. GRANT, DIRECTOR OF FINANCE AND BUDGET OFFICER, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY FRANK H. SPENCER, DEPUTY ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE; W. A. MINOR, ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; AND ROBERT L. HILL, ASSISTANT TO THE DIRECTOR OF PERSONNEL

Mr. GRANT. Thank you, Mr. Chairman.

We appreciate the opportunity to appear before the committee and recommend passage of H.R. 12811. This bill was drafted in

the Department and introduced at the request of the Department, and includes eight provisions which are designed to improve operations within the Department. These have been brought together in one bill in order to facilitate congressional consideration of the proposals.

Secretary Freeman, in his letter of June 8 transmitting the proposed legislation, included an explanatory statement relating to each of the eight sections.

With me this morning are Mr. Frank H. Spencer, Deputy Administrator of the Agricultural Research Service; Mr. W. A. Minor, Assistant Administrator of the Foreign Agricultural Service, and Mr. Robert L. Hill, Assistant to the Director of Personnel of the Department.

Each of us will present and discuss the various sections. Mr. Spencer will be discussing and explaining sections 1, 2, 3, 4, and 7; Mr. Minor, section 5; Mr. Hill, section 6; and I will discuss section 8. If it meets with your approval, we will take each one of the sections in the order in which they appear.

The first four sections relate to the work of the Agricultural Research Service primarily, and Mr. Spencer will discuss those.

Mr. JONES. We shall be glad to hear from you, Mr. Spencer.

Mr. SPENCER. Thank you, Mr. Chairman.

I have no prepared statement, because anything I would say in a prepared statement would be largely repetitive of the material in the Secretary's letter.

I should like to comment briefly on the sections which are of primary interest to the Agricultural Research Service, and at the conclusion of each section I shall be glad to try to respond to any questions the committee may have.

The purpose of the first section is to authorize the Department of Agriculture to erect research or other structures on land, the use of which is secured for the estimated life of, or need for, the structures.

Many of our research buildings are located on the campuses of agricultural colleges and experiment stations. These institutions cooperate fully in the work of the Department, but in the matter of providing sites for buildings, in many cases they lack the authority either to sell or to donate land. Our experience with them has indicated that they are quite willing to have us use their land, and we feel sure they would be willing to have buildings constructed on the basis of a lease or other instrument which would protect their title to the land, and yet assure our tenure of it for the period of the useful life of the buildings.

The Department's authority to construct buildings on land which it does not own is now limited to temporary buildings. This presents a peculiar problem in connection with the average college campus, because a temporary building is necessarily of the type of construction which does not fit in with their scheme of things. Also, a butler-type building does not give us the type of facility that we can get through masonry construction. For this reason, this proposal has been made that we be permitted to construct permanent buildings on land which is not owned by the Government but which is protected through lease or other instruments.

I might cite just one example of the type of thing we are thinking about. We were authorized a couple of years ago to construct a

laboratory in Idaho. The Idaho Agricultural Experiment Station had a site in the vicinity of Twin Falls which would have been ideal for our purposes. Unfortunately, the university did not have authority to donate this site, and it was not feasible for the university to approach the legislature to secure this authority. Therefore, we had to make arrangements to secure another site by donation from another party. Fortunately, it turned out that this site was equally suited for our purposes, but there was a very substantial loss of time in getting the job underway.

Mr. JOHNSON of Wisconsin. If they provide you with a site and the building is still in operation, it becomes the property of the university, does it not?

Mr. SPENCER. I would have to say, for practical purposes, that would be so. There would be an instrument which would permit us to remove the buildings from the site. What you got off the site would not be worth too much.

Mr. JOHNSON of Wisconsin. It would not be worth moving, anyway.

Mr. SPENCER. We would not enter into an arrangement which did not give us a sufficiently long-term lease assuring occupancy to represent what we considered to be the useful life of the building.

Mr. JONES. Go right ahead, sir.

Mr. SPENCER. The purpose of section 2 of the bill is to permit the Department to use receipts from reimbursable meat inspection without fiscal year limitation.

There are a number of statutes under which the Department is authorized to collect reimbursements for meat inspection services. This, of course, is in addition to the basic program of meat inspection which is financed through appropriations. About 25 percent of our cost of the meat inspection program is met through these reimbursable fees which are collected principally from packing establishments for services rendered over and above the amounts financed under the regular program.

As far as the total money is concerned, this works out all right, because we do collect for services rendered, but from the standpoint of timing, the situation is not satisfactory. This is because the reimbursable workload cannot be accurately forecast, either as to the total amount involved or the timing.

As you know, the Department is required to render an inspection service to any packing establishment which can meet the requirements set forth in the Department's regulations under the Meat Inspection Act. So, when we are called upon to furnish services to a packing establishment, we are not in a position to say we cannot afford to do it. We have to go ahead and do the best we can with the resources we have. So, when we are on notice, either from experience or from specific statements of packing establishments that they expect to have a workload which will require extra service during a certain period, we must be ready to supply that service. The recruiting and training of meat inspectors takes a little time.

If the workload develops as has been forecast, we are all right; but if a situation arises, as it sometimes does arise in the packing industry, where the estimated load does not materialize, then we are in the situation of having prepared to get people on the job and then having no specific occasion for them.

These unpredictable elements come about, of course, through fluctuations in the actual volume of packing plant operations, or, as was the case some years ago, when strikes in the packing industry developed a situation which did not require the people who were already on the job.

In our contract specifications work, which is done in connection with the school lunch program and many of the programs of the military, we are never able to tell exactly until the moment comes just what we will be called upon to do. So, the definite planning and recruiting of staff is rendered very difficult.

This no-year provision in the reimbursable funds would provide a small reserve which would make it possible to do a much better job of planned recruitment, and also would cushion against the danger of deficits in case the anticipated workloads failed to develop.

We feel that this would give us a more effective conduct of the program under both regular funds and reimbursements. There would be no increase in the total funds involved. We would simply be able to use the total funds in a more orderly way and run over into the pending fiscal year.

I might add that this is the arrangement which is followed in connection with the poultry inspection law, in which the reimbursable funds received for overtime and holiday poultry inspection are on a no-fiscal-year basis.

Mr. JONES. Is that a type of revolving fund that you have there?

Mr. SPENCER. It would amount to that, yes. In other words, we took in last year, for example, about \$9 million in reimbursements, and there was about \$200,000 balance in the appropriations at the end of the fiscal year. In other words, we would not be carrying over anything like the total amount of reimbursements, because that is turned over repeatedly. We simply would be carrying into the next fiscal year the amounts which were unexpended at the termination.

Mr. JONES. What is the relationship between the reimbursables and the total cost of the program? What percentage is reimbursable?

Mr. SPENCER. The reimbursables are about 25 percent.

Mr. JONES. Does that finish your discussion of section 2?

Mr. SPENCER. Yes, sir.

Mr. JONES. Are there any questions? Mr. Heimburger.

Mr. HEIMBURGER. Your reimbursements in connection with the regular packing industry occur from overtime and Sunday and holiday work and from these contract specifications activities. Is that correct?

Mr. SPENCER. Yes; that is right.

Mr. HEIMBURGER. At the present time, if you have any of this reimbursable fund remaining at the end of the fiscal year, it is covered into the Treasury?

Mr. SPENCER. That is correct.

Mr. HEIMBURGER. But the law provides that you may use it for the operation of your service during the fiscal year in which it is received.

Mr. SPENCER. Yes, sir.

Mr. HEIMBURGER. That is all, Mr. Chairman.

Mr. JONES. Did I understand you to say that under the poultry inspection you do have authority to use that in the next fiscal year?

Mr. SPENCER. Yes, sir; the Department has that authority. That is the Agricultural Marketing Service.

Mr. JOHNSON of Wisconsin. You want the same authority you have in the poultry legislation for the red meat inspection.

Mr. SPENCER. Yes, sir; and in addition a minor part of our reimbursements involves base pay for contract specification and other inspection.

Mr. JONES. Are there any other questions with reference to this section?

Proceed to section 3.

Mr. SPENCER. Section 3 would authorize grants for research to State agricultural experiment stations and other institutions, to implement the programs of the Department.

Perhaps I should make clear in the beginning that this has no bearing on grants under the Hatch Act, which, as you gentlemen know, is a series of grants from appropriated funds to experiment stations, based on the matching principle and on a mathematical formula.

Rather, this would provide for grants which are beyond the authority of Public Law 85-934, which was passed in 1958. Under the authority of that act, the Department's grant authority is limited to grants to nonprofit institutions and grants for basic research. The legislation which is now proposed would broaden this authority to include research institutions in general as well as individuals, and it would cover research other than basic research.

The need for this authority comes, we feel, primarily from the fact that there are many highly competent research institutions which are not nonprofit institutions. There are many very high-grade researchers who are not associated with any institution. This will make it possible for us to utilize the knowledge and skills of these people as well as those who are attached to nonprofit institutions.

Also, there is a rather narrow line of demarcation in many cases between basic research and applied research. Many times in basic research leads are developed which can be followed through effectively only on the basis of some applied research. This would make possible our handling situations of this kind.

Mr. JONES. Would you give us some specific thing that the Department has in mind?

Mr. SPENCER. Some of the things are in connection with utilization research. We, of course, conduct an effective program of utilization research in our own laboratories, in the four regional research and development laboratories, but there are many areas in which facilities are available elsewhere, particularly when it comes to some large-scale experiments, something beyond the pilot plant stage, where the ability to utilize the services of institutions outside of Government and outside of the agriculture experiment stations would be extremely helpful to us.

Another situation is in regard to some of the projects of the National Research Council. We can advance funds to the National Research Council only for basic research. Again, some of their work is in the area of applied research, and we think overall the results would be very beneficial if we could place grants at their disposal.

Mr. JONES. Section 3 says:

The Secretary of Agriculture is authorized to make grants, for periods not to exceed 5 years' duration, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations—

et cetera. You have that authority already, have you not?

Mr. SPENCER. No, sir; we do not. We have authority to enter into contracts.

Mr. JOHNSON of Wisconsin. For a 5-year period?

Mr. SPENCER. For a 5-year period; yes.

Mr. JONES. You also make grants to the State experiment stations and colleges, do you not?

Mr. SPENCER. Grants under the terms of the Hatch Act.

Mr. JONES. Yes.

Mr. SPENCER. In connection with those grants, there is an appropriation of around \$35 million a year at the present time which is apportioned among the State agricultural stations on the basis of farm population. In other words, we do not say, "Here is a job that we would like you to do and we will make you a grant for it." Rather, the relationship of the Department to that program is that it approves a project submitted by the State experiment station on the basis of the general type of work, rather than specific details of projects. In other words, the Department does not presume to attempt to write a program of agricultural research for the State experiment stations.

Mr. JONES. Do you anticipate that this legislation would increase the amount of grants to these institutions that are set out in this section which are not private or is this something to get to the private organizations?

Mr. SPENCER. No, sir; we would attempt to place the grants wherever we felt they had the capacity to do the job that we thought should be done. In some cases, that would be additional grants to experiment stations. In some cases it would be to a private research foundation. In some cases it might be to an individual research man.

Mr. JOHNSON of Wisconsin. Can you think of an example in relation to dairying? Would you go to a private dairyman and make him a proposition? Can you think of an example like that?

Mr. SPENCER. Personally I cannot, sir, because my field is not research. I am Deputy Administrator for Management.

Mr. JOHNSON of Wisconsin. I would like an example of your going to a private individual.

Mr. SPENCER. If you would like to have such a case put in the record, I am sure we could do it.

(The information referred to above follows:)

A research grant might be made for a project to make onfarm comparisons of the influence of levels of grain feeding of milking cows on returns to dairy farmers. Such a study would shed light on the question of whether lower expenditures for grain feeds and thus increased use of roughage can result in greater returns above feed costs or vice versa under various geographic and economic situations. Results might also have application in the reduction of dairy surpluses since the amount of grain fed has a direct bearing upon the total volume of milk produced.

Cows within the selected herd or herds would be split into two primary groups to receive two levels of grain feeding. The cows would be ranked in order of expected milk production and alternate cows from this ranking would be assigned to the two groups. For the winter feeding programs, all cows would be allowed all the forage they would consume. It is assumed this forage should meet the needs for maintaining the animal and for some milk production. For Holstein cows, this milk production from the nutrients in forage should be 15 to 20 pounds. For milk produced above 15 pounds, concentrate would be fed at a level in the order of 0.25 and 0.5 pound per pound of milk produced. Milk production records and fat tests would be made. Periodic body weights would be obtained.

Feed consumption records on a group basis would be made. Monetary returns over feed cost would be calculated using local prices. Profit margins on the two feeding levels would be compared.

Complete lactation comparisons should be made and ideally the treatment comparisons should be continued for a period of years. In the yearly feeding program pasture may be used. The same two concentrate levels would be used.

The grant for a 4-year project would probably range from \$10,000 to \$30,000, depending on the number of animals used in the project.

A suitable grantee would be a progressive dairyman, professionally trained in agriculture, with a degree in animal science.

Another area in which grants could be made to advantage is that of research on the utilization of dairy products. In the recently developed continuous baking process, the use of nonfat milk solids has dropped from 4 percent to less than 1 percent, thus eliminating a market for about 250 million pounds of milk. A grant to any one of several leading commercial cereal technology laboratories to discover the basis of the interference of nonfat milk solids in the fermentation step and in dough development will be highly desirable.

Mr. DOLE. Have you any idea how much money we are talking about in section 3?

Mr. SPENCER. Mr. Grant can perhaps answer that question better than I can in connection with this.

Mr. GRANT. This section would permit the agencies carrying on research within the Department to utilize institutions, universities, and individuals for carrying out the research conducted by the Department. The total amount of research carried on by the Department in all agencies exceeds \$125 million a year, excluding payments to State experiment stations. It is my opinion that only a small portion of this total would be granted under this authority. The amount, Mr. Congressman, would depend upon the situation from year to year.

In connection with the existing authority for research contracts, the minimum stated in the annual appropriation act is \$1,500,000 but obligations have been running about \$2,300,000 a year. I would visualize at the beginning the total of contracts and grants would not be a great deal different from that amount.

Mr. DOLE. There is no limitation on how much you can grant under this section, is there?

Mr. GRANT. No, sir.

Mr. JONES. The appropriation would limit that.

Mr. GRANT. The appropriation would limit it. This would come from the funds which are appropriated annually for Federal research by the Department of Agriculture. It would have to be within the amount appropriated for direct research. I would visualize it would be quite small in relation to the total amount available.

Mr. DOLE. Also, I am wondering about some examples. You talk about other research institutions and organizations and private organizations and individuals. Can you name some of these that you might have in mind? Certainly somebody had something in mind when they drafted this section.

Mr. SPENCER. Some of those with whom we have had research contracts are the Armour Research Foundation, the Arthur Little people, and the Textile Institute in Princeton, N.J. There are research foundations connected with many of the colleges. Ohio State has one, for example. Purdue, I think, has a research foundation.

Mr. DOLE. What about private organizations and individuals other than the three you named?

Mr. SPENCER. I would have to supply that for the record. We can run back over our records and supply that to you. It would be a substantial list. It would be the type with whom we had research contracts at the present time.

(The information requested is as follows:)

The Department of Agriculture now has research contracts with the following private organizations:

Name and address:

Armour Research Foundation of Illinois Institute of Technology, 10 West 35th Street, Chicago, Ill.

Auburn Research Foundation of Auburn University, Auburn, Ala.

Battelle Memorial Institute, Columbus, Ohio.

Children's Hospital of the East Bay, 51st and Grove Street, Oakland, Calif.

Colorado State University Research Foundation, Fort Collins, Colo.

Fabric Research Laboratories, Inc., 1000 Providence Highway, Dedham, Mass.

The George Washington Carver Foundation (Tuskegee Institute), Tuskegee Institute, Alabama.

Harris Research Laboratories, Inc., 6220 Kansas Avenue NE., Washington, D.C.

Indiana University Foundation, Research Division, Indiana University, Bloomington, Ind.

Lowell Technological Institute Research Foundation, Post Office Box 709, Lowell, Mass.

Midwest Research Institute, 425 Volker Boulevard, Kansas City, Mo.

The Endowment and Research Foundation at Montana State College, Bozeman, Mont.

The Research Foundation of State University of New York, Post Office Box 7126, Albany, N.Y.

Ohio State University Research Foundation, 1314 Kinnear Road, Columbus, Ohio.

Philadelphia Textile Institute, Henry Avenue and School House Lane, Philadelphia, Pa.

Purdue Research Foundation, Lafayette, Ind.

Research Triangle Institute, Post Office Box 490, Durham, N.C.

Skiest Laboratories, Inc., 89 Lincoln Park, Newark, N.J.

Stanford Research Institute, Menlo Park, Calif.

Swift & Co., Union Stock Yards, Chicago, Ill.

Special Instruments Laboratory, Inc., 312 West Vine Avenue, Knoxville, Tenn.

Textile Research Institute, Post Office Box 625, Princeton, N.J.

Mr. DOLE. This section will not increase the cost of what is being done now, is that correct?

Mr. GRANT. That is right. It would not have any effect on the total amount being expended.

Mr. DOLE. What is the difference between a contract and a grant, as far as the taxpayer is concerned?

Mr. SPENCER. I think the difference is simply this: Many contracts for research are exceedingly difficult to write because you cannot tell a man what he has to come up with. Research does not seem to operate that way. I think the policy followed by other agencies of Government which have the authority to make grants is to determine the general area in which they want to make significant advances, to pick out the institution which has the personnel and facilities and the experience record to justify the expectation that they would come up with that, and then work with them in the development of a broad project outline and the financing of that.

Mr. DOLE. In other words, a grant still costs the Federal Government all the money. There are no strings attached, and to the contract there are. Is that correct? On a grant you just give them the money and say, "Work out some broad scheme." On a contract, you have certain defined areas in which you are asking for results.

Mr. SPENCER. I think it might be expressed that way, although the fact is that in some of these programs it is almost impossible to work

out exactly what you are going to do until you have done some exploratory work, and grants make it possible to do that. I assure you there would be no tendency to say to somebody, "Here is a million dollars, just go ahead."

Mr. DOLE. I understand that. There is no more cost to the taxpayer under a grant than under a contract.

Mr. SPENCER. That is correct.

Mr. JONES. Do I understand you have the authority now to make contracts with private organizations?

Mr. SPENCER. Yes, sir.

Mr. JONES. You do not have the authority to make grants?

Mr. SPENCER. That is correct.

Mr. JONES. Are there any other questions on this particular section?

Mr. HEIMBURGER. Mr. Chairman, I would like to ask one question.

In the Executive communication, your explanation of section 3 emphasizes the difference between applied and basic research. Yet I do not see these words anywhere in section 3. What is the significance of this? How does section 3 make it more possible to carry out applied research? What are the magic words in here?

Mr. SPENCER. Simply the fact that it says "for research."

Mr. HEIMBURGER. It does not say "applied" or "basic."

Mr. SPENCER. It does not say "applied" or "basic."

Mr. GRANT. If I might add here, Public Law 85-934 gives all agencies authority to make grants for basic research. Since we already have that authority in this law enacted several years ago, the effect of section 3 would be to make it applicable to all research conducted by the Department, both applied and basic.

Mr. HEIMBURGER. Thank you. That explains it.

Thank you, Mr. Chairman.

Mr. JONES. Are there any other questions on section 3?

One of our colleagues, the Honorable H. R. Gross, has asked to appear. I understand, Mr. Gross, you would like to appear just in relation to section 5; is that correct?

Mr. GROSS. That is correct.

Mr. JONES. Would you gentlemen step aside for a minute so we can hear Mr. Gross. He has to go to another committee meeting.

STATEMENT OF HON. H. R. GROSS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. JONES. We shall be glad to hear from you now, Mr. Gross.

Mr. GROSS. Thank you, Mr. Chairman and members of the committee.

I am here in opposition to section 5 of the bill, H.R. 12811.

First of all, I question the jurisdiction of this committee to handle this provision in the bill, but it being there, I want to voice my vigorous opposition.

I want it understood at the outset that I think agricultural attachés ought to be rotated back to this country at various intervals. I am not opposed to the rotation of agricultural attachés.

But what is the implication of this? It is a new concept in civil service rules and regulations that a man carries his grade with him, irrespective of the job assigned. I emphasize this: With such a provision in the law, the pay grade would be guaranteed. Regardless

of what work he would be doing, the pay grade that he carried into the job would be guaranteed. If this were to become law, you could expect other requests, for we have many labor attachés scattered around over the world. I predict, if this provision is approved as contained in this bill, we will have the same problem with labor attachés, and others.

There is another implication. Of the 91 agricultural attachés, 11 are in supergrade positions. The passage of this bill as presently written would tend to create additional supergrades without legislative authority for so doing.

I call the attention of the subcommittee to Public Law 87-367, which I quoted from on the House floor yesterday, which provides:

The Congress hereby finds that the public interest requires that effective limitations and controls be established and maintained with respect to the allocation of positions, whether by law or by administrative action, to grades 16, 17, and 18 of the Classification Act of 1949.

This public law reposes in Congress and the Post Office and Civil Service Committees of the House and Senate, authority and control over supergrades.

Passage of this bill, as presently written, would tend to create a number of additional supergrades, the specific number depending on the number of supergrades incumbent and home on rotation tours.

Mr. Chairman, I have an amendment which I suggest to the committee which allows a person returning from overseas to draw his overseas base pay up to 90 days. This gives time for adjustment. My amendment strikes out the concept of a guaranteed wage, and places the responsibility on the Secretary of Agriculture to find a job, within the rules and regulations of the Civil Service Commission, that best fits the abilities of the individual being returned from overseas.

I would like to read to you, specifically, the amendment which I suggest to the committee. It would strike out the present language on page 3 of the bill, lines 3 to 14, inclusive, and insert in lieu thereof the following:

SEC. 5. Section 602 of the Agricultural Act of 1954 (68 Stat. 908) is amended by adding at the end thereof the following:

"(e) Any officer or employee appointed and assigned to a post abroad pursuant to this title may, in the discretion of the Secretary of Agriculture, be assigned for duty in the continental United States, without regard to the civil service laws and without reduction in grade, for a period of not more than ninety days. After the close of such ninety-day period, the Secretary is authorized to place such officer or employee in such position as he may deem advisable in the interest of the Government, subject to the civil service laws and the Classification Act of 1949, as amended."

Mr. Chairman, I suggest the adoption of this amendment.

I shall be glad to answer any questions I am competent to answer.

Mr. JONES. Mr. Gross, you indicated at the start that you believe in the rotation, bringing these people back. I think most of us are in accord with that theory. Do you think your amendment might place us in the situation of losing some experienced people who we hope to return to the foreign field after they have been back here? Is your objection to the fact of keeping them for 3 years? How would you overcome losing those people?

Mr. GROSS. I do not mean to be asking you a question, but it is hard for me to believe in a department as large as the Department of Agri-

culture, if there are only 13 or 15 to be rotated each year, that the proper spaces cannot be found for those people within the Department of Agriculture. It does not have to be in the headquarters here in Washington, D.C. I cannot conceive the Department would lose any personnel.

Mr. JOHNSON of Wisconsin. It would appear to me that they do not have to have civil service status. It says "without regard to civil service laws and without reduction in grade."

Mr. GROSS. That is on the question of assignment, Mr. Johnson.

Mr. JONES. They all have civil service status.

Mr. GROSS. They all have civil service status, but this would permit those rotated to be assigned for a period of 3 years. I am trying to point out that if we do this in this case, then what about all the other departments and agencies of the Government?

Mr. JOHNSON of Wisconsin. Would you object to a year? For instance, if you want to have them back in the United States so they will not lose touch with us, 90 days would not give them time enough to know what is going on in this country.

Mr. GROSS. My amendment would not place a limitation upon the total time they are rotated back to this country. The 90-day limitation goes only to the point that the Department provide them with jobs comparable to their pay and job descriptions. This would be implicit in it.

Mr. JONES. Are there any other questions?

Mr. DOLE. You say there are 11 in the supergrade category?

Mr. GROSS. Not 11. As I recall it, there would be 11, but there probably would be only 2 or 3 rotated at any one time in supergrades, dealing now exclusively with supergrades.

Mr. DOLE. Eventually, if you rotated enough you would have all receiving the supergrades?

Mr. GROSS. No. This does not mean they would be supergrades. If supergrades were rotated back and they could be rotated back for 3 years, this would mean an increase over and above the statutory limit on supergrades assigned to the Department of Agriculture. It could mean an increase of 11 supergrades without any authority on the part of the proper committee of Congress.

Mr. DOLE. That is what I asked.

Mr. GROSS. This would be violative, technically, of Public Law 87-367.

Mr. JONES. I get your objection all right. I see what you are driving at.

Are there any other questions?

We want to thank you, Mr. Gross, for giving us the benefit of your experience on the Post Office and Civil Service Committee. If you will leave the amendment here, we will give it due consideration in the subcommittee.

Mr. GROSS. Thank you, sir.

Mr. JONES. Now, if you gentlemen from the Department will return to the stand, we shall go on to section 4.

Mr. SPENCER. Section 4, Mr. Chairman, would authorize the Department to purchase insurance coverage on its vehicles in foreign countries.

Mr. JONES. Are we not doing that at the present time?

Mr. SPENCER. No, sir.

Mr. GRANT. Mr. Chairman, some agencies have authority—the State Department, for instance, has authority to purchase insurance on its vehicles. The Foreign Agricultural Service, by virtue of the authority which they obtained at the time the Agricultural Attaché Service was transferred to the Department of Agriculture, has authority to insure its vehicles, but the other agencies of the Department do not have that authority. At the present time the only other agency of the Department which has vehicles abroad, other than the Foreign Agricultural Service, is the Agricultural Research Service. We do not have authority to pay for insurance for those vehicles.

Mr. JONES. How do you afford to operate cars abroad without insurance?

Mr. SPENCER. That is our difficulty at the present time. There are some countries in which there is a requirement that you have insurance.

Mr. JONES. How are you insuring them now?

Mr. SPENCER. Quite frankly, the employees are paying for it themselves.

Mr. GRANT. Out of their own pocket.

Mr. SPENCER. That certainly seems to us to be quite unfair to them.

Mr. JONES. I think we all understand that. There is no question about that.

Mr. DOLE. What type of insurance are you talking about? Is this property or liability insurance?

Mr. SPENCER. Primarily liability insurance.

Mr. DOLE. What about the legal doctrine of nonliability on the part of a sovereign for the acts of its agents?

Mr. SPENCER. We do not think we have been particularly successful in maintaining that doctrine in too many foreign countries.

Mr. DOLE. Have you had cases on it?

Mr. SPENCER. We have had cases where, after a good bit of negotiation, the Embassy has been able to alleviate the situation, but the prospects of that have not been good enough to make our people feel that they care to drive under those circumstances.

Mr. DOLE. We have had the same thing on the State level. I know in our State there is a question whether or not, at least on the State level, you can properly expend public funds for this when there is no liability. That is the reason I raise the question. This is true in Kansas, at least. It comes over from the common law of England that all authority is derived from the sovereign, and there is no responsibility for acts of negligence on the part of its agents. I wonder if that has application here and whether the Government might be different on the Federal level than on the State level.

What would this cost?

Mr. SPENCER. We figure the cost would not run over a few thousand dollars. It is the authority that bothers us, not the cost. We request no special funds for this purpose.

Mr. JONES. Are there further questions?

Let us go to section 5. You have had the benefit of Mr. Gross' objection to this section. We would be pleased to have your comments on it.

Mr. GRANT. Mr. Minor, of the Foreign Agricultural Service, will present that item.

Mr. MINOR. I have a very brief statement, Mr. Chairman, summarizing the situation, which I would like to present.

The Department of Agriculture assigns agricultural attachés to 61 posts in the world's important agricultural producing and consuming centers. These attachés provide agricultural information needed from abroad by U.S. agriculture, work constantly to open the way and develop markets for export of U.S. agricultural commodities, and represent U.S. agriculture in the countries to which they are assigned.

The purpose of section 5 is to facilitate the assignment of agricultural attachés and other personnel serving overseas to positions in the Department between foreign assignments. The Department would be authorized to assign employees serving abroad under authority of title VI of the Agricultural Act of 1954, to positions in the United States for up to 3 years at their existing grade, even though the duties to which such persons may be assigned might sometimes be of a lower classification under normal classification practices. It would also permit assigning an excepted employee under schedule A to a position normally filled in the competitive service. A maximum of 15 persons could be assigned under this provision at any one time.

Attaché posts are normally filled by assignment of selected responsible persons from positions in Washington. After serving from 4 to 6 years at field posts, it is our policy to bring them back to Washington for 2 to 3 years' service before being assigned again to foreign posts.

This service gives the employees an opportunity to gain an understanding of current U.S. agricultural developments, problems, programs, and policies preparatory to further service at foreign posts. At the same time, the employee will carry out the responsibilities of the position to which he is assigned. Persons assigned under these arrangements have included administrators, deputy and assistant administrators, division directors, branch chiefs, marketing specialists, and agricultural economists. A substantial number of key positions on our present Washington staff are filled by men who have recently served overseas as agricultural attachés. This rotation between positions in the United States and positions at attaché posts strengthens our service at both places. Persons with field experience are more valuable in the States, and persons in attaché positions are better informed and more effective because of experience gained in dealing on a day-to-day basis with U.S. problems in the Department.

When agricultural attachés or other personnel who have served abroad return to the United States, they are in most cases transferred to appropriate regular positions at the same grade. In other cases, there may be no previously existing vacancy at the person's grade in the area of work where he can render effective service and gain the experience needed for further field assignment. The following will illustrate the type of problem which we have: Notwithstanding the best forward planning that we can do, an appropriate GS-15 position may not be available at the time a GS-15 attaché is returning from a foreign assignment. In the limited cases where this is true, we need to be able to assign him to a GS-14 marketing specialist or other position where he can make a full contribution to the work and at the same time prepare himself for his next field assignment. A similar situation will arise in a few cases with respect to secretaries in the higher grades.

In addition to the need for authority to permit the assignment of a limited number of persons at the same grade, the Department also

needs authority which will permit the assignment of persons now employed in excepted positions under schedule A to duties in Washington, D.C., which would normally be classified in the competitive civil service. For example, at present we may not assign an attaché in schedule A to a division director's job in the competitive service for which he may be well qualified.

The top level attaché positions are so classified under schedule A, and in order to make the effective utilization of the services of such individuals, some of whom do not otherwise have civil service status, it is desirable that the Department be authorized to assign them to perform duties in Washington, D.C., which duties would normally be classified under the competitive civil service.

It is our policy to transfer persons to the field in the grade in which they are serving in the States. Field personnel and Washington personnel are considered for vacancies which occur and are reviewed periodically to determine if promotions are in order. To the extent practicable, persons having recent field experience are given priority in filling vacancies. At this time the foreign field staff for the 61 attaché posts consists of 91 agricultural attachés and assistant attachés, 27 U.S. secretaries, 69 local agricultural assistants, that is, citizens of the country where the office is located, and 69 local clerical employees.

The grades of the attachés and assistant attachés are presently as follows:

Three GS-17.

Seven GS-16.

I might point out that we originally had two GS-17's and eight GS-16's. The Department requested the transfer of one GS-17 departmental position to the field, and there is in process the transfer of one of the GS-16 positions to Washington.

Fifteen GS-15.

Thirty-five GS-14.

Fifteen GS-13.

Four GS-12.

Twelve GS-11. The lower grades are our young juniors who are gaining experience to move ahead.

The number of persons in the supergrades GS-16 and GS-17 at any time would not be increased by this amendment. At any time an attaché in GS-17 or GS-16 is assigned to a Washington position under the proposed authority, the number serving overseas in the grade is thereby reduced until the Washington assignment is completed. I again emphasize this would not increase on any day at any time the number of persons who would be in supergrades. So the limitation would be firm.

The amendment would enable the Department to make the best use of the experience of the agricultural attachés and other oversea personnel.

We strongly recommend that the proposed amendment be enacted.

Mr. JONES. I understand you to say that you do not agree with Mr. Gross' contention that we would be increasing the number of supergrades by this amendment.

Mr. MINOR. That is correct. There could be no increase in the supergrades because of this amendment.

Mr. JONES. The way the amendment is written, it does not put that limitation on there which you indicate in your statement, does it?

Mr. MINOR. It does not authorize us to establish any supergrades. We have only the 10. When they are filled, there are no more. The only way we can get any more would be for the Civil Service Commission to assign them from the total which is available to them.

Mr. JONES. In other words, GS-17 and GS-16 are the two which are considered supergrades.

Mr. MINOR. That is correct. There is no limit on the GS-15's and below as to specific numbers. The limitation is on the GS-16's and GS-17's. We have a total of 10 of those 2 grades for the attaché service.

Mr. Gross mentioned 11, and he is correct. A GS-17 has been transferred to the field from a Washington spot, and a GS-16 is in process of being transferred back. That action, which is to follow the other, has not been completed. So, technically, 11 is correct at the moment, but there is a shortage of 1 in the Department.

Mr. JOHNSON of Wisconsin. What grade is that you are talking about? Is that GS-17 you are talking about?

Mr. MINOR. Of GS-17's, we have three at some of our largest attaché posts.

Mr. JOHNSON of Wisconsin. What is the grade in which you have 11?

Mr. MINOR. In grades 17 and 16 together.

Mr. JOHNSON of Wisconsin. You have that number in the whole Department of Agriculture?

Mr. MINOR. No, in the attaché service.

Mr. JOHNSON of Wisconsin. You have down here three GS-17's and seven GS-16's.

Mr. MINOR. That is right. That is all we have filled and all that we have in the attaché service. We originally had two GS-17's and eight GS-16's. The Department has assigned or requested the Civil Service Commission to assign one of the Department's 17's to the field, and one of the field's 16's to the Department.

Mr. JOHNSON of Wisconsin. I see.

Mr. JONES. Are there any other questions with reference to this section?

Mr. DOLE. Under the present policy, what happens when they come home? Do they have to find a comparable grade for them to fill?

Mr. MINOR. We find a comparable position to the maximum extent we can. We expect to continue to do that. The number that would be assigned under this provision would be very small at any one time. Sometimes, under the present situation, because of the grade, we might have to assign a man to a place where his services would not be as effective or where he would not get as good experience for going back to the field as he otherwise might. In some instances we maybe would not be able to provide a job. We would simply have to leave him in his field job for the time that we could, and then demote him or find other work for him.

Mr. DOLE. How many times has this happened in the last 2 years?

Mr. MINOR. In the last 2 years, with respect to one supergrade, for example, we worked out an arrangement with the Civil Service Commission for a training position, but it could not take the place of any existing civil service job. We had to create a new job to be able to carry the man, which is an uneconomic thing to do.

Mr. DOLE. Have you any examples which you could put in the record where this actually has been detrimental to anyone in the last 2 or 3 years?

Mr. MINOR. We have kept people in the field when we would have preferred to bring them in. I could not say we have actually devoted any of them, up to this time, because we have used every bit of our ingenuity to avoid doing so. We do not think it is fair to bring them back here and demote them.

Mr. DOLE. You still have the same ingenuity, whether this section is in the bill or not.

Mr. MINOR. That is correct. There are times when you cannot accomplish it, and there are times when you are awfully close to violation of some of the regulations in trying to meet the problem.

Mr. DOLE. It occurs to me if you have no example of any detrimental effect it has had in the past, there is really no need for it. You are trying to create something here which may cause trouble when you apparently are not having trouble with what you have now.

Mr. MINOR. We have had trouble, and naturally we have done everything we could to try to meet it, but some of the ways by which we have had to meet it were not in the best interests of the Government and not in the strictest compliance with the intent of some of the regulations.

Mr. DOLE. That has been done.

Mr. MINOR. Sometimes by keeping them in the field longer than we would like.

Mr. JONES. I was going to bring that out. In other words, sometimes you have been forced to leave a man in a foreign post longer than you would have had this law been in effect.

Mr. MINOR. That is correct.

Mr. JONES. I want to get this clear. In other words, if you bring back a GS-16, say, and you have a job there that you think he can fill best and it is only a GS-15, you would put him in that slot but he would still draw his pay as a GS-16.

Mr. MINOR. That is correct.

Mr. JONES. But there would not be any increase in the number of GS-17's or GS-16's by doing that.

Mr. MINOR. There would not be, because the post in the field would have to be filled by a person not above GS-15.

Mr. JONES. If I could be convinced that the bill as drawn would do what you say you do in this statement, I do not think I would have any objection to it because, as I interpret it, there would be no increased cost to the Government by this operation. Is that correct?

Mr. MINOR. That is correct.

Mr. JOHNSON of Wisconsin. Say you put a GS-16 in a GS-15 job. It will show you have that many GS-16's. So you could not appoint another GS-16.

Mr. MINOR. That is correct. So you could not appoint another GS-16, and the field would be short that number so long as he was in here.

Mr. JOHNSON of Wisconsin. What is the objection to the Gross amendment? Are the 90 days too short?

Mr. MINOR. The 90 days would not give us time to reorient. We can bring them in now, as a matter of fact, and assign them here for as much as 90 days without difficulty.

Mr. JOHNSON of Wisconsin. Why do you not compromise and set a year?

Mr. MINOR. A year is not long enough for a man to get back into U.S. Agriculture and for his family to get settled. The expense of moving him out and moving him in is too great to do it on a 1-year tenure. Initially, we asked for 4 years, but it was reduced to 3. I think I might point out that in the Foreign Service the law authorizes 4 years, and then at the end of 4 years there may be an extension of another 4 years. An amendment has been requested which would permit it to go some beyond that.

Mr. JOHNSON of Wisconsin. How much more would it cost the Government if, say, you put a GS-16 in a GS-15 job but gave him the GS-16 pay? How much more would that cost the Government for 3 years?

Mr. MINOR. It would not cost the Government anything additional.

Mr. JOHNSON of Wisconsin. Yes, it would.

Mr. MINOR. No, sir, because—

Mr. JOHNSON of Wisconsin. He is doing GS-15 work and he is getting paid GS-16 wages.

Mr. MINOR. All right. The difference between the starting salaries of a GS-15 and GS-16 is about \$1,500, but the man who has moved up in the GS-15 grade gets well above the bottom of the GS-16. So, for most of them, the amount would not be very great at that particular grade.

Also, keep in mind that the post would be filled with a GS-15 instead of a GS-16. So the number of GS-16's and the number of GS-15's would not be changed by this bill.

Mr. JOHNSON of Wisconsin. No. At the worst, it would cost the Government about \$4,500 for the 3 years.

Mr. MINOR. It would not cost that, because the total number in the supergrades would not be increased, and we would be paying more at one spot and less at the other. The total cost to the Government would be offset.

Mr. JOHNSON of Wisconsin. You would have this man doing GS-15 work and you would be paying him GS-16 wages.

Mr. MINOR. That is correct.

Mr. JOHNSON of Wisconsin. But the Government would suffer because you could not appoint another GS-16. He would be doing work not in his class.

Mr. MINOR. He would be doing possibly grade 16 work. In the first place, the GS-16 might be doing a better job of the GS-15's work, so the chances are we would be getting our money's worth anyway.

Mr. DOLE. I want to explore this. You said you have some examples. I would like examples for the record where you have kept people in the field longer than you anticipated because of the present law.

Mr. MINOR. We could give some examples, but I think it might be misunderstood by some of the people involved if they were told that we should have brought them in earlier and did not. They might not understand it.

Mr. DOLE. There ought to be some justification when you are asking for the law to be changed. What justification is there unless the past history indicates the law needs to be changed? I think we are entitled to some facts, and not speculation.

I would like to have some examples, if possible, for the record which show that under existing law these things could not be accomplished, and this had to be done.

Mr. MINOR. All right, sir.

(The information requested follows:)

The major problem in providing a system of rotation for employees appointed under title VI of the Agricultural Act arises because these positions are subject to the Classification Act of 1949, as amended (5 U.S.C. 1071). By the terms of the Classification Act, persons are generally compensated on the basis of the grade level of the duties and responsibilities of their assigned positions. In order for personnel to be rotated from oversea posts to positions in the United States and retain the same pay range for a period as long as 4 years, they would have to be assigned positions at the same grade level. The limited number of vacancies at any one time, particularly at the higher grades, makes such assignment difficult and often impossible.

Another restriction results from the fact that some of the posts in the oversea field service are in schedule A, whereas corresponding positions in the central office of the Foreign Agricultural Service are in the competitive service. The assignment of an employee in the excepted service to perform the duties of a position in the competitive service is prohibited.

A case which illustrates both restrictive principles mentioned above occurred recently. The employee was serving as agricultural attaché, GS-16, at one of our larger posts. He had served continuously at the same post for over 5 years and had never served in the Department in Washington. It was felt that it was important that the employee be assigned for a tour of duty in Washington for his reorientation and development. Also, because of his unique experience in market development in an important European country, he was in a position of making a valuable contribution to the Foreign Agricultural Service program. At the time, not only was the employee in a schedule A position in the excepted service, but there was no vacancy at his grade level in the central office in Washington. Therefore, it was necessary to bring him in on a temporary basis under a special training agreement for his reorientation and development. Under the terms of this agreement, FAS was prohibited from assigning him to an identifiable position in the competitive service. This case illustrates the need for legislation in this area. At the time, he could have been assigned to an important staff position where he could have gained valuable experience and at the same time, made a major contribution to the program.

Another important aspect, evident in the case cited above, is the need for an assignment period of sufficient duration to accomplish the objective. A normal tour of duty at an oversea post is considered to be 2 years. The Department feels that an assignment of from 2 to 3 years should be provided for reorientation and development of the employee who is brought to the United States under our rotation plan. Furthermore, to operate a rotation program where the tours in the United States are less than 2 years, would be most costly and uneconomical.

Mr. JONES. Are there any other questions on this section?

Let us proceed to section 6.

Mr. GRANT. Section 6 will be presented by Mr. Robert L. Hill, assistant to the Director of Personnel.

Mr. HILL. Mr. Chairman and members of the committee, the purpose of section 6 is quite simple. It would enable scientific, professional, and technical employees who are assigned to work with the States under the act of August 2, 1956, to retain their rights and benefits under the Federal employees health benefits program. At present they retain their other major fringe benefits—retirement, life insurance, employees' compensation, and so on—but because of the wording of the Health Benefits Act which was passed in 1959, the Civil Service Commission advised us that they could not retain their health benefits. So, the purpose of this proposed amendment is simply to enable them to keep their health benefits along with the other fringe benefits.

Mr. JONES. That is people who were transferred from the Federal service to State service?

Mr. HILL. Yes, under the Exchange Act passed on August 2, 1956.

Mr. JONES. Is that the only thing involved here, the health benefits?

Mr. HILL. That is right.

Mr. JOHNSON of Wisconsin. Don't people eventually come back to the Federal service? They are there temporarily?

Mr. HILL. Not to exceed 2 years.

Mr. JONES. And the health benefit is the only thing involved?

Mr. HILL. Right.

Mr. JONES. All right.

Mr. JOHNSON of Wisconsin. Retirement is involved, too, is it not?

Mr. HILL. They now have that.

Mr. JONES. Let us go to section 7.

Mr. GRANT. Mr. Spencer will present section 7.

Mr. SPENCER. The purpose of section 7, Mr. Chairman, is to authorize the Department to acquire land by donation, exchange, or purchase at a nominal cost.

Under the act of August 3, 1956, the Department is authorized to acquire land by purchase, exchange, or otherwise, but that law contains this provision:

That no acquisition shall be made under this authority unless provision is made therefor in the applicable appropriation or other law.

This requires, in effect, that every time money is appropriated to us for building, the law also has to contain specific authority to acquire the land.

For the reasons we discussed to some extent under section 1 we don't always find it possible to do that in that the people do not have authority to sell, or, if they do, the specific language has not contemplated this particular site and we are not in a position to buy.

Let me cite two examples.

In Kerrville, Tex., we have a research station working on screw worm, among other things.

A little time ago the people in the area of Kerrville were very much interested in this project and wanted to donate to us a site on which we could put up some necessary buildings.

We did not have the authority to accept this particular site. Hence, we had to wait until the 1962 appropriation to get this thing under way.

Another case is at Columbia, Mo., where we were given authority to build a laboratory, but there again the State did not have authority to donate it, and although they were willing to sell it to us for as little as \$10 we did not have authority to make this \$10 purchase and we again had to await passage of the 1962 Appropriation Act to provide this authority.

The legislation which is now proposed would authorize the Department to acquire land by donation, exchange, or purchase at a nominal cost.

In our experience this nominal cost would not exceed \$100 in any case.

Mr. JONES. You are not putting that limitation in the bill?

Mr. SPENCER. It is not included in the draft.

Mr. HEIMBURGER. Would they have any objection to a dollar limitation being put in there?

Mr. SPENCER. No, sir.

Mr. JOHNSON of Wisconsin. The only thing I can see is exchange. You have some problem there. I don't see exchange in there, but I think you mentioned it.

Mr. SPENCER. That would be brought about in this way: The restrictive provision, which I had mentioned previously as contained in the act of August 3, 1956, would be changed to read, "No acquisition by purchase at other than a nominal manner shall be made under this authority unless there is specific provision," which would mean we would be free to acquire by purchase or exchange.

Mr. JONES. Other questions?

Mr. DOLE. You would have no objection, then, to a dollar limitation?

Mr. GRANT. I see no objection to a limitation. There conceivably could be an instance where it might run over \$100. We have not had an instance of its running over that. We are thinking in terms of this provision giving us sufficient latitude so that if it ran \$200 we still could acquire it.

Mr. DOLE. It might be a matter of protection for the Department. If somebody jumped on you saying it is not nominal it might be protective.

Mr. JONES. Other questions?

If not, let us go to section No. 8.

Mr. GRANT. Section 8 of the bill would provide authority for agencies of the Department to advance funds to the Department's working capital fund for needed services which can be provided most effectively and efficiently by a central service unit.

In the act of July 12, 1943, the Congress established a working capital fund in the Department with an authorized capital of \$400,000 to constitute a nonexpendable fund for financing certain central services on a reimbursable basis.

These services consist of such things as central supply, duplicating and tabulating services, central service switchboard, central photocopying services by the National Agricultural Laboratory, and still photographic and exhibit services in the Office of Information.

These services are centralized at one point in the Department and financed through this working capital fund, and then the agencies which use those services reimburse the fund on the basis of the actual cost of doing the particular job.

Over the years costs have increased. Originally it was thought that the \$400,000 appropriation for capital would be adequate to enable us to turn this money over in this revolving fund, three times a year.

Since then, however, costs have increased, salary costs have gone up, costs of supplies and equipment have increased, and additional central services have increased to the point of where we are now operating at a level of around \$3 million a year for all of these various activities.

Now the Secretary has approved the centralization of our payroll activities and certain other administrative activities through the use of automatic data processing equipment to be financed through the working capital fund.

At the present time each Bureau and agency prepares its own payroll in Washington and the field. There are some 87 separate payroll offices.

A study has been made, and we found that through centralizing all of these activities in one place, we could save as much as \$1½ million a year.

As time goes on undoubtedly other operations can be put on this equipment which will reflect even further savings.

As a result of these more economical, centralized activities, the capital of the fund is not large enough to enable it to finance them initially subject to later reimbursement. Therefore, instead of asking for additional funds to increase the capitalization of the working capital fund, we are proposing authority here to make advances from the various agencies of the Department to the fund.

These advances would be accounted for separately and would be based on firm orders from the agencies to central service unit, and then at the end of the year any funds which were not used would be refunded to the proper appropriation. So our proposal here is simply a means to facilitate the financing of the operations. It would not result in any additional appropriations. It would not result in any increased costs to the agencies. It would, as a matter of fact, make it easier and simpler for the Department to put into effect more efficient and economical centralized operations.

Each appropriation in the final analysis would be charged only with the costs of the services preformed or the supplies furnished.

There are other examples of this kind of authority. The Forest Service within the Department of Agriculture has a working capital fund, and there is now authority for that fund to receive advances in connection with firm orders for service. There are working capital funds in other departments and agencies which have authority to receive advances.

We believe this would be an improvement which would increase the effectiveness and efficiency of central services of the type required by the various offices and agencies within the Department and that it would help to eliminate any duplicate types of services in the various agencies.

Mr. JONES. Questions?

Mr. HEIMBURGER. Mr. Grant, is this working capital fund used to pay salaries or is it only for purchase of equipment and supplies?

Mr. GRANT. It is for all kinds of expenses—salaries, supplies, equipment, anything that is needed to carry out that central service.

For instance, in the central duplicating plant, the cost of salaries, paper, ink, machines used, and so forth, are all paid from the funds. Then as agencies of the Department require mimeographing services they send a requisition to the plant and then they pay for the job.

Instead of having each bureau in the Department with its own plant for mimeographing, it is all in one plant.

Mr. HEIMBURGER. My only question involved the use of the fund for salaries. I was not quite sure whether it paid for the whole service operation or just supplies and equipment.

Mr. GRANT. The whole service operation.

Mr. JOHNSON of Wisconsin. I have no question on this section. I would like to go back to the first section.

If any State wants an experiment station they ought to get the State legislation in on it. For instance, if the University of Wisconsin is going to get a new building paid for by the Federal Government, it seems they could get the legislature to deed the property to the Federal Government and we wouldn't have to put it on leased property. I don't like the idea of doing that.

Mr. SPENCER. As a rule there is no difficulty in getting the legislatures to approve this but timing sometimes is very bad because the Governor is usually not anxious to call a special session of the legislature for a matter such as this.

Mr. JOHNSON of Wisconsin. We are getting into a dangerous situation when we have a Federal building on leased land. The building might revert to the State eventually.

Mr. SPENCER. We would do our best to protect against that by extremely long-term tenures.

Mr. JOHNSON of Wisconsin. It seems States are always anxious to get these appropriations to put up buildings and have the Department of Agriculture come in.

You said there was one State where the university did not dare go to the legislature. What State was that?

Mr. SPENCER. That was Idaho. I think their reluctance was not because they feared the legislature would not give the authority but because they frankly didn't want to admit they lacked authority.

Mr. JONES. Anything further?

If not, we thank you gentlemen for appearing here today.

The committee will stand adjourned until further call of the Chair.

(Whereupon the subcommittee adjourned at 12:15 p.m., subject to the call of the Chair.)

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H.R. 12802 and H.R. 12947
COOPERATION WITH STATES IN ENFORCEMENT
OF CERTAIN FEDERAL LAWS
AUGUST 27, 1962

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COOPERATION WITH STATES IN ENFORCEMENT OF CERTAIN FEDERAL LAWS

MONDAY, AUGUST 27, 1962

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL OVERSIGHT AND
CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m. in room 100-A, George Washington Inn, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Hagen of California, Dole, and Beermann.

Also present: Hyde Murray, assistant clerk; John Heimburger, counsel, and Lydia Vacin, staff assistant.

Mr. JONES. The subcommittee will come to order.

The subcommittee will consider this morning H.R. 12802, by Mr. Smith, of Iowa, and H.R. 12947, by Mr. Quie, our colleague.

Our first witness is Mr. Smith of Iowa. He will make a statement for the record.

(H.R. 12802 and H.R. 12947, together with the report of the Department, follow:)

[H.R. 12802, 87th Cong., 2d sess.]

A BILL To provide further for cooperation with States in administration and enforcement of certain Federal laws

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to avoid duplication of functions, facilities, and personnel, and to attain closer coordination and greater effectiveness and economy in administration of Federal and State laws and regulations relating to the marketing of agricultural products and to the control or eradication of plant and animal diseases and pests, the Secretary of Agriculture is hereby authorized, in the administration and enforcement of such Federal laws within his area of responsibility, whenever he deems it feasible and in the public interest, to enter into cooperative arrangements with State departments of agriculture and other State agencies charged with the administration and enforcement of such State laws and regulations and to provide that any such State agency which has adequate facilities, personnel, and procedures, as determined by the Secretary, may assist the Secretary in the administration and enforcement of such Federal laws and regulations to the extent and in the manner he deems appropriate in the public interest.

Further, the Secretary is authorized to coordinate the administration of such Federal laws and regulations with such State laws and regulations wherever feasible. However, nothing herein shall affect the jurisdiction of the Secretary of Agriculture under any Federal law, or any authority to cooperate with State agencies or other agencies or persons under existing provisions of law, or affect any restrictions of law upon such cooperation.

[H.R. 12947, 87th Cong., 2d sess.]

A BILL To provide further for cooperation with States in administration and enforcement of certain Federal laws

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to avoid duplication of functions, facilities, and personnel, and to attain closer coordination and greater effectiveness and economy in administration of Federal and State laws and regulations relating to the marketing of agricultural products and to the control or eradication of plant and animal diseases and pests, the Secretary of Agriculture is hereby authorized, in the administration and enforcement of such Federal laws within his area of responsibility, whenever he deems it feasible and in the public interest, to enter into cooperative arrangements with State departments of agriculture and other State agencies charged with the administration and enforcement of such State laws and regulations and to provide that any such State agency which has adequate facilities, personnel, and procedures, as determined by the Secretary, may assist the Secretary in the administration and enforcement of such Federal laws and regulations to the extent and in the manner he deems appropriate in the public interest.

Further, the Secretary is authorized to coordinate the administration of such Federal laws and regulations with such State laws and regulations wherever feasible. However, nothing herein shall affect the jurisdiction of the Secretary of Agriculture under any Federal law, or any authority to cooperate with State agencies or other agencies or persons under existing provisions of law, or affect any restrictions of law upon such cooperation.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., August 23, 1962.

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

DEAR MR. CHAIRMAN: This is in reply to your letter of August 17, 1962, requesting a report on H.R. 12802, a bill to provide further for cooperation with States in administration and enforcement of certain Federal laws.

The bill would provide for the Secretary of Agriculture to cooperate with State agencies in the administration and enforcement of Federal laws and regulations relating to the marketing of agricultural products and to the control or eradication of plant and animal diseases and pests.

This Department is favorable to the enactment of this bill because it will clarify and reemphasize the intent of Congress on the subject expressed in many Federal statutes enacted over several decades relating to these programs and activities.

Though many of the present statutes now authorize cooperation with States, there are some which impose restrictions on these cooperative activities, and in some instances the statutes are silent on the subject of cooperation. Even in such latter instances, the Department has assumed that its general authority permitted cooperation with States under appropriate circumstances, and many efforts have been made to do so.

The enactment of H.R. 12802 would facilitate the review of policies and procedures in Federal-State relationships. The Secretary would continue to exercise his authority to provide for cooperation with the States and others in carrying out Department programs whenever he finds that such action would be feasible and in the public interest.

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. NEAL SMITH, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF IOWA

Mr. SMITH. Mr. Chairman and members, I have a short statement. First of all, I want to thank you for having the hearing and inviting us here.

I would mention that this bill is introduced for the purpose of providing closer cooperation between the agencies in the Federal Government and those of the various States insofar as agriculture is concerned. Actually, I think that probably the majority of the services that have been added to the Department of Agriculture in recent years are consumer services and processor services, and the very nature of these services are such that the Federal Government could not possibly do the full job even if they wanted to, and so it seems that the most efficient and economical way and the most adequate way to render these services, in many instances, is for the States to do them and then to be reimbursed by the Federal Government for the part that really is a national or Federal benefit, rather than just a State benefit.

The Federal Government could not cover, for example, all slaughtering plants which need meat inspection. The jurisdiction could not cover all of the slaughterhouses, but the State government could have an adequate law to cover some of them and they could get reimbursement for the part which serves a national interest.

The bill provides the authority to cooperate with these agencies. I believe this is the intent of Congress in many statutes. Although there are some statutes that are silent on this.

We all know the problems that have been created in the last 10 or 15 years by decisions relative to the no man's land. And this, of course, would also make sure that there would not be any no man's land created with regard to some of the Federal legislation in this area.

I have introduced during this session two bills, H.R. 7871 and H.R. 12382, which deal with meat inspection services, and covering the slaughtering industry. And I have found that one of the chief objections is the possible duplication within the Federal and State Governments.

I know that the same kind of duplication exists to some extent in inspecting grain. To some extent this has been overcome due to the provisions of the Commodity Credit Corporation Charter which was given authority to do this; for example, in a few cases where it has employed the State agency on a reimbursement basis, they have hired the State agency to do some of the inspection.

This is the same kind of thing that could be done with regard to some of the other areas.

That is all I have at this time, Mr. Chairman. I just think this is the kind of legislation that could not do any harm. I see great benefits that would flow from it if the States want to cooperate.

I have a statement which I should like to have made a part of the record.

Mr. JONES. It will be made a part of the record at this point.

(The prepared statement of Mr. Smith follows:)

STATEMENT OF HON. NEAL SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. Chairman, the bill, H.R. 12802, has been introduced for the purpose of providing closer cooperation between regulatory and service agencies in the Federal Department of Agriculture and those of the various States.

The bill provides that the Secretary has the authority to cooperate with State or other agencies under present law, and this bill will result in clarifying the intent of Congress as expressed in many statutes that have been passed over the last several years affecting the marketing of agriculture products and the control or eradication of plant and animal diseases and pests.

I have introduced during this Congress two bills, H.R. 7871 and H.R. 12382, which would bring Federal meat inspection to hundreds of slaughtering and meat-processing plants not presently covered, many of which are slaughtering and marketing meat from diseased and sick animals.

In discussing the meat inspection legislation with representatives of the meatpacking industry, one of the chief objections raised was the possible duplication of effort in meat inspection in those States which have enacted responsible meat inspection legislation.

This bill would not only give leadership in this movement toward closer cooperation between the Federal and State agencies, but it will also serve to inspire the States which have lagged in their responsibilities in many of these areas to enact responsible legislation and promulgate reasonable regulations and employ competent personnel.

At the present time, I have no figures on the approximate savings which will result from the enactment of this legislation, but where duplication of effort is avoided, it will save either the State or Federal Government or both, or will result in increased services with the same personnel. I cannot see harm resulting and can visualize a spur to increased cooperation and efficiency.

Mr. JONES. Thank you, Mr. Smith.

Are there any questions that anyone cares to ask Mr. Smith?

Mr. HEIMBURGER. Mr. Smith, I take it from your testimony that your bill includes the Meat Inspection Act, is that correct?

Mr. SMITH. Yes. I know that you are probably referring to the fact that it specifically states "marketing of agricultural products and to the control or eradication of plant and animal diseases and pests." It also says, "In the administration and enforcement of such Federal laws within his area of responsibility," and meat inspection is one.

I think it might be made more clear because it does detail certain things and, apparently, leave out others.

Is that what you are referring to?

Mr. HEIMBURGER. It is your understanding that the terms of the bill as you have introduced would include the meat inspection program?

Mr. SMITH. Yes, at least proposed extensions of the program.

Mr. JONES. It would be broad enough to include that?

Mr. HEIMBURGER. That is correct. Suppose that the Secretary in its administration chose to take advantage of the authority in the bill, in connection with meat inspection, then is my assumption correct that having found that a State meat inspection agency has adequate procedures in carrying out the inspection, he would authorize it to make it a Federal inspection—is this correct—so that the inspection would be by the State through such an agency, and for legal purposes it would have Federal sanction?

Mr. SMITH. Yes. He can contract to reimburse them or to have them do the job for him.

Mr. HEIMBURGER. Thank you. That is all I have.

Mr. SMITH. In connection with that, if the inspection is to be extended, it would not be possible to have it all done by the Federal Government or for us to try to cover every little plant, and we should not try to do that. It is more important that it be done adequately by the State.

Mr. HEIMBURGER. Excuse me, Mr. Chairman, I have one more question.

Of course, if the inspection was by a State agency to which the authority has been delegated by the Secretary, I assume that it and the inspected plant would have to comply with all of the Federal laws and regulations with respect to meat inspection just as though it were meat inspection by the U.S. Department of Agriculture.

Mr. SMITH. To be very specific, I understand that in New York City it is more difficult to comply with the city law than it is with the Federal law. In that particular case, if this is correct, then they could contract to have the Federal part performed or reimbursed for the Federal share instead of having duplicate services.

Mr. HAGEN of California. In the State of California we have a very fine State meat inspection system.

Mr. SMITH. Yes, they have.

Mr. HAGEN of California. Before the meat can move in interstate commerce it has to have Federal inspection, Mr. Smith.

I would expect that under the provisions of your bill the State inspector would be delegated as the Federal inspector to go into the Federal plants to inspect, but I do not think that you could clear the hurdle of the State licensed plants being able to ship in interstate commerce or to a Federal Government purchaser.

That is what we in California would like to have. I do not think that the bill would go that far. Do you know whether it would, Mr. Heimburger?

Mr. HEIMBURGER. I do not think that this bill would change the basic requirement of the law with respect to the plants which may obtain Federal meat inspection, as to the type of facilities these plants must have and other things that they must do.

In other words, it seems to me that this would authorize the Secretary of Agriculture to delegate to the State of California meat inspection service authority to make Federal inspections in California. I do not think it would federalize, so to speak, plants which are now receiving State inspection, unless those plants applied for and were eligible for Federal inspection under the existing provisions of the law.

Mr. SMITH. It could not extend the jurisdiction of the Federal provisions to the plant which was in intrastate commerce under that section of the law.

Mr. HEIMBURGER. That would be my assumption.

Mr. HAGEN of California. The people in California want State inspection to qualify the meat for Federal movement.

Mr. SMITH. If it is within a plant that is not within the jurisdiction of the Federal Government the Secretary would not reimburse them for the inspection in that particular plant.

I might also mention that on page 2, line 13, it states that nothing herein shall "affect" the jurisdiction of the Secretary of Agriculture. I really believe that word, probably, should be changed to "limits," because if you do not "affect" the jurisdiction in any way that, in effect, it seems to me sort of nullifies the entire bill. That is, if you do not

affect the jurisdiction by giving him an additional authority to cooperate with the State.

Mr. JONES. You are trying to affect the jurisdiction.

Mr. SMITH. That is right. I think that word should be "limits."

Mr. ALLEN. I think that word appears in one other place.

Mr. SMITH. It does, in line 16.

Mr. JONES. Are there any other questions?

Mr. HAGEN of California. I have one more question.

On page 1, line 6, you refer to agricultural products. That includes animal products, does it not?

Mr. SMITH. Yes.

Mr. BEERMANN. In what way will this affect dual grading?

Mr. SMITH. I would say that it would not affect the regulations or the law, either one. On the other hand, if some State had an inspector, someone who was doing dual grading, and was doing it on the same basis as the regulations provide, he could be delegated to do it for the Federal Government, too, but I think that your question refers, basically, to whether it will affect dual grading. It has no effect on that.

Mr. BEERMANN. Yes. Would there be a limit here to stop dual grading?

Mr. SMITH. This is something I am interested in, because Iowa produces a large percentage of red meat of the United States. I am very much interested in grading. I have tried to study this thing. And I cannot say, because I am not sure whether I am for it or against it. I think I am for the objective, but I am not sold on it.

Mr. BEERMANN. Thank you.

Mr. HAGEN of California. I would like to raise another point, although I am not trying to prolong this.

With a little additional language I think that you might resolve another problem. In many instances your State employees might be retired Federal civil servants. We could spell out in this the fact that if they were included in a cooperative arrangement this would not vitiate any of their rights as retirees in the Federal service. I would like to see the situation where a State could establish a federally approved cotton-classing service making use of retired Federal cotton classers inasmuch as cotton classers are in short supply.

For example, if it could be written into the bill some language against vitiating any retirement rights, I can see where California might be able to pick up retired cotton classers and use them for that work.

Do you object to any such language?

Mr. SMITH. I think that this language would have to be in such a way as to cover that, because if you did not, then you would be, in effect, saying that anyone who is reimbursed by the Federal Government becomes a Federal employee.

Mr. HAGEN of California. In effect, they would be performing a Federal service. It would be a question whether they were, in effect, Federal employees.

Mr. SMITH. It is not the intent of the bill to make the State employees Federal employees just because the State is reimbursed by the Federal Government.

Mr. HAGEN of California. If you could spell that out in the bill, if there is no objection, it would be very good.

Mr. JONES. We can take that up when we get to discussing the bill. Are there any other questions of Mr. Smith?

If not, we will hear now from Mr. Byron Allen, Special Assistant to the Secretary of Agriculture.

STATEMENT OF BYRON G. ALLEN, SPECIAL ASSISTANT TO THE SECRETARY OF AGRICULTURE AND LIAISON WITH STATE DEPARTMENTS OF AGRICULTURE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ALLEN. Mr. Chairman and members of the subcommittee, I think the bill sort of speaks for itself, Mr. Chairman. I will give you a little background on it. I think it might help to answer some of the questions.

The idea for the introduction of this bill came from the National Association of State Departments of Agriculture. And the original rough draft, Mr. Hagen, was by Mr. W. J. Kuhrt of your California State Department of Agriculture, the Deputy Director in your State.

This draft made by Mr. Kuhrt was made on behalf of the Executive Committee of the National Association of State Departments of Agriculture. It was taken to the Secretary's office, and his staff, and then submitted to the Office of the General Counsel. And, as the reply by Secretary Freeman indicates, as sent to Chairman Cooley, the Department backs this bill.

I might interject here that my position in the Department is as Assistant to the Secretary, and as liaison with the State departments of agriculture and regulatory agencies.

There are a great many fields in which the Federal Government, or the U.S. Department of Agriculture, works in a cooperative manner with State departments of agriculture. And this comes about by the language in Federal statutes that have been passed, decade after decade, over a long period of years.

Some of the Federal statutes relative to controls and the eradication of plant and animal diseases and pests, and those that have to do with consumer protection and farmer protection, in terms of regulatory work on agricultural products, have been passed over a long period of years.

The language is different in almost every piece of legislation. There is no uniform policy as between agencies in the Department of Agriculture and State agencies.

The Secretary, and the staff of the Department of Agriculture, as well as the State departments of agriculture, thought it easier to get a new expression from the Congress backing up this policy set up over a long period of years. And it has been the interpretation of some of the legal authorities in the States, particularly, the General Counsel's office, that this particular bill is broad enough to cover most of the items and problems currently affecting this cooperative effort between the States and the Federal Government.

I cite to you the fact that the Fruit and Vegetable Branch of the Agricultural Marketing Service, in the Department of Agriculture, has long had a very good relationship with the States. We do not superimpose Federal inspection and grading on States, or States on Federal. Wherever the State has comparable rules, regulations, and

qualified personnel and the Federal Government exercises its supervisory aspects of the work with the State departments of agriculture. And that is frequently held up as a prime example of good State-Federal cooperation.

In that case, in the fruits and vegetables, there are people brought in on a seasonal basis, as they are in the cotton situation in Mississippi. The feeling of those who are responsible for this bill is that this can lead to a more adequate and perhaps a more economical administration of regulatory laws. That is the primary interest.

The bill has been introduced in the Senate, and I think it will come up before the Senate Committee on Agriculture on Wednesday of this week at their next regular meeting. And we are pleased, of course, that the bill has made progress on the House side. It is immaterial to us which one passes the bill first.

There has been no controversy on the bill to date, either raised by the States or any of the agencies or the policy people in the U.S. Department of Agriculture. It has all been in favor of it.

I would be glad to answer any questions, or to make any further statement that is desired.

Mr. JONES. Relative to the suggestion made by Mr. Smith about the amendment, to use the word "limit" rather than the word "affect," in the few places in the bill, what do you think about that?

Mr. ALLEN. Certainly, I think that would be a desirable amendment. I might ask Mr. Ballentine about that.

Mr. JONES. We will have him here in just a minute.

Mr. ALLEN. All right. He happens to be an attorney and I am not. I think the word "limits" would improve the bill.

Mr. JONES. Are there any other questions?

Mr. HAGEN of California. I would like to ask another question about this point that I brought up about the status of the State employee who is working under a Federal responsibility, in terms of the retirement problem I mentioned. I can see where it might have some place in the situation.

Mr. ALLEN. I am not sure that it would be safe for me to try to answer that question. I can say this, that I am familiar with the question, having been a State commissioner of agriculture. I am familiar with the men in the State service who wear two hats, a Federal and State hat, representing both the Federal and State Governments, as in the case of the Fruit and Vegetable Inspection Service. There is a long history of the arrangement where these men are employed by the State or they are employed by the Federal Government, and they are paid out of the trust fund arrangement usually held, I believe, in the treasury of the State.

These funds go into the State treasury. The Federal share is remitted on the basis of an agreement between the State and Federal Governments. In some instances this is a Federal trust fund. In that case the State is reimbursed by the Federal Government and the identity of the State and Federal employees is kept intact in this manner.

In the instances where I have observed a retired State employee or a retired Federal employee who comes in as a relief man or comes in to take up the slack in a heavy season of inspection, these men have been protected by the watchful eye of the Administrator in the

State and the Federal Government and he does not run afoul of the civil service retirement features.

This is just a general observation. I would not be able to interpret that.

Mr. HAGEN of California. It is a fact that a retired Federal employee, if he goes back into Federal service, has the retirement suspended or something like that; is that not correct?

Mr. ALLEN. He gets what?

Mr. HAGEN of California. He gets his retirement payment suspended while he is back on the Federal payroll.

Mr. ALLEN. Yes. But if he should go back on the State payroll I think that situation is different. Am I correct in that?

Mr. HAGEN of California. If he is reimbursed in part by the Federal Government does he lose any benefits? You know that there has been a ruling on that, or has there—do you know?

Mr. JONES. Would that not be a case of reimbursing the State, rather than the individual?

Mr. ALLEN. Yes. They reimburse the State. Then the State, in turn, pays the employee.

Mr. HAGEN of California. Do you know whether there is a ruling on this?

Mr. ALLEN. Well, there is a retired civil service man with me now who is familiar with this general problem, Mr. Newell. He worked with the Federal Department for many years. He worked in the Crop and Livestock Service, which is another instance of a very splendid cooperative effort on the part of the State and Federal Governments. Maybe Mr. Newell could answer your question.

STATEMENT OF S. R. NEWELL

Mr. NEWELL. Mr. Chairman, and members, your assumption that Federal employees would have to go off of retirement to take Federal money is not correct. In an instance where he is employed by the State, I think that there is a point here, that if the State is reimbursed, the money becomes State funds. That I could not be sure about, but I would think that it would be considered State money; and, therefore, out of the Federal. It does not affect his retirement. It is a good point and one that I think that somebody else should have to answer from the legal standpoint to make certain.

Mr. JONES. We will have Mr. Heimburger look into that.

Mr. HAGEN of California. I would like to get an answer to that. I can see where this might be valuable in the cotton situation. As you know, there are these people who are needed. The profession, certainly, is dying out. These older people have retired from the Federal service. They like the work, but they do not want the work if it will affect their retirement payments. This might be a vehicle for improving that situation.

Mr. JONES. Why do we not go on with the hearing, and then Mr. Heimburger can look into it later. We can always offer an amendment when it gets to the full committee.

Mr. ALLEN. I would like to add this one word: The State departments of agriculture named a committee, and Secretary Freeman has approved a counterpart agency committee, people in the U.S. Department of Agriculture, to make an exploration of all of these

areas where the State and Federal Governments, as a general rule, attempt to accomplish the same purpose in marketing inspection, plant disease, animal eradication and quarantine, and the like, to find those areas where they can work in greater cooperation than they are now, to improve the service and/or lessen the expense of the Federal and State agencies.

It has just been felt that the passage of this bill would give a modern and fresh blessing to this effort on the part of the Congress.

Mr. JONES. Mr. Beermann.

Mr. BEERMANN. Will it take any additional personnel because of this bill?

Mr. ALLEN. Not necessarily; no. We do know that in some fields of regulatory work adequate work is being done there. In some areas we are not doing adequate work. You could not make a flat statement that in no case this exploration would show that no additional personnel at the State or Federal level might not be needed. On the other hand, there are instances where the Federal has superimposed a service on top of that of the State, resulting in some duplication. In those instances the likelihood, perhaps, is that we could reduce some personnel by better cooperative effort and still do an adequate job.

Mr. BEERMANN. If this condition existed it would reduce the Federal or the State personnel?

Mr. ALLEN. It could result in either or both. There are so many fields in which the State and the Department of Agriculture or other regulatory agencies and the Federal engage in the same or similar activities that a flat answer would just be simply incorrect.

Mr. BEERMANN. This language in line 13, on page 2 of the bill "that nothing herein shall affect," or changing the word "affect" to "limit," the jurisdiction of the Secretary, would this mean that the State personnel would be eliminated and the Federal personnel take precedence?

Mr. ALLEN. That is not the interpretation that has ever been placed on this bill in the studies that have been made in the General Counsel's office or by the Bureau of the Budget that went over this legislation and passed favorably upon it. I cannot see that the general effect of it would be that way.

Mr. SMITH. May I interject here?

Mr. JONES. Yes.

Mr. SMITH. This paragraph is intended to mean that nothing herein shall limit the jurisdiction to cooperate. It does not mean to extend the jurisdiction of the Federal Department. This is with regard to cooperation.

Mr. JONES. Are there any other questions?

Mr. Heimbürger.

Mr. HEIMBURGER. Mr. Chairman, it seems to me that it would be helpful to the committee if we might have from the Department a list of those areas where there is now cooperation between the Federal and State Governments, such as might be established under this bill and, also, a list of those areas where there is now not such cooperation, but where it would be authorized.

Mr. JONES. Can you furnish those lists?

Mr. ALLEN. That would take a long period of research, for the reason that the 50 States vary considerably as to their laws. This particular publication—

Mr. HELMBURGER. Of course—

Mr. ALLEN. In October of 1961, is a directory of the State departments of agriculture, functions and services. This is used in the U.S. Department of Agriculture. In some instances it includes livestock sanitary boards and public health departments, et cetera. That is on each page dealing with the State, and you will find an asterisk, and this asterisk shows the U.S. Department of Agriculture-State departments of agriculture cooperative programs. These are the programs that now exist, and this publication would serve the best of anything that is readily available. It will show the fields in which we now have a degree of cooperation—not identical in each instance.

Mr. HELMBURGER. I think that our interest is with the Federal end of it. While it is quite true, as you say, that all of these States have various activities and that they would be in there, that list you have in hand, yet, nevertheless, the list of the Federal regulatory and marketing laws in which there is now a degree of State cooperation, and a list of those in which there is not State cooperation but might be under this particular bill, should not be very long.

Mr. ALLEN. I have here a mimeographed statement entitled, "Statutory Provisions Providing for Cooperation With State and Other Agencies by the U.S. Department of Agriculture," which is a compilation of those Federal statutes by the General Counsel's office, and very likely this will, to a large degree, answer your question.

Mr. HELMBURGER. I would like very much to have a copy of that document. I still wish, however, that somebody who is familiar with the programs might sit down and make a list, such as to cover grain inspection, the fruit and vegetable inspection, and so on, in which there is cooperation, and a list of those, such as meat inspection and others, in which there is not now cooperation but where there might be under the statute. In general, it is this area that I should like information on. I think that might be helpful to the committee, because this question will be asked if we bring this to the floor.

I would like to have a copy of the document you mentioned.

Mr. ALLEN. Yes, certainly. I will be glad to leave these here with the chairman. I will also leave this particular directory. Of course, we can furnish more copies.

Mr. HELMBURGER. I think one will be sufficient.

Mr. JONES. I think the one is all that we need.

Mr. ALLEN. All right. I will leave this material with you.

Mr. JONES. Are there any other questions of Mr. Allen?

If not, thank you, Mr. Allen.

We will now hear from Mr. L. Y. Ballentine, commissioner of agriculture for the State of North Carolina.

STATEMENT OF L. Y. BALLENTINE, COMMISSIONER OF AGRICULTURE OF THE STATE OF NORTH CAROLINA

Mr. BALLENTINE. Mr. Chairman and gentlemen of the committee, first, I want to endorse what Congressman Smith and Mr. Allen have had to say about this piece of legislation, and to say that in my opin-

ion it does not really introduce any new procedures or philosophies or relationship between the U.S. Department of Agriculture and the several departments of agriculture and other agencies which, by nature of their responsibility, have some working relationship with the U.S. Department of Agriculture.

I am sure that most of you have a very general knowledge of the fact that many of the State departments of agriculture have numerous agreements with the U.S. Department of Agriculture in carrying out many functions. There are varying degrees of cooperation, as well as many variances in the type of agreements that are drawn up with the several States, maybe, to get the same job done. There are some reasons for that in many cases too numerous to mention here but, certainly, I am not being critical when I state that there are many different variations in relationship or in agreements. And I think what we are talking about here is not necessarily placing the Federal responsibility on the States, or the State responsibility on the Federal Government but, rather, a Federal-State program, or the expansion of the Federal-State program that will affect the economy and the efficiency and enable the State and the Federal Government, working together, to render better service to the people than they are able to do individually.

In connection with your question, Congressman Hagen, the employees in our State that are charged with the responsibility of the actual grading of fruits and vegetables are considered Federal employees, and are subject to the rules and regulations of the Federal employees.

However, there are a number of employees in our department who work with the fruit and vegetable program that are on the State payroll and are not in any way affected by the retirement regulation dealing with Federal employees.

For example, the grain program on which we have an agreement with the U.S. Department of Agriculture to carry out the Federal grading, all of their personnel is on the State payroll, and none of them are subject to the restrictions or the provisions of the personnel of the Federal regulation. So you see that it can be worked either way.

Mr. HAGEN of California. May I ask you a question at this point?

Mr. BALLENTINE. Yes.

Mr. HAGEN of California. To what extent are these inspectors in the grain program either paid in whole or in part by the Federal Government directly or by Federal funds paid to the State, and to what extent are their activities governed by Federal rules?

Mr. BALLENTINE. Well, our feed and grain inspectors are licensed by the U.S. Department of Agriculture. And in the carrying out of their responsibilities they are governed by the Federal rules, insofar as the grades and procedures are concerned but, otherwise, they are under the authority of the State—they are on the State payroll—and are considered wholly State employees.

Mr. HAGEN of California. Are they in any way in any part paid by the Federal Government, or does the State alone pay for their activity?

Mr. BALLENTINE. No, sir; this is an agreement by which they are paid. In some States there may be, but in this case—

Mr. HAGEN of California. Basically, you are providing a service to your farmers and all the Federal Government does is to recognize the competence of these employees?

Mr. BALLENTINE. That is right.

Mr. HAGEN of California. For the purpose of getting this Federal approval?

Mr. BALLENTINE. They are required to take the examination and to be licensed by the Federal Government, and then they have the authority and responsibility of grading and placing the U.S. Department of Agriculture grade label on the products which they inspect.

Mr. HAGEN of California. Neither you, the State, nor they are paid by the Federal Government?

Mr. BALLENTINE. No.

Mr. HAGEN of California. Do you know of any case where you have retired Federal employees engaged in this work that their retirement has been affected?

Mr. BALLENTINE. No; I do not think that we have such a case.

Mr. JONES. Do you have a question, Mr. Dole?

Mr. DOLE. Yes.

I had a question asked me this last week when I was home from a member of our State grain inspection department.

As I understand it under this new sedimentation test procedure for wheat, State employees are not allowed to take the test as they have done in the past. They have been required to pay the Federal Government some \$20,000 to run the sedimentation tests because of some quirk in the regulation. We have the personnel and the equipment and everything else in the State of Kansas to do these things.

Is this what we are getting into here in this type of cooperation?

Mr. BALLENTINE. I do not see that this would be involved in this particular piece of legislation. This has been in the making for a long time. I did not know it had reached that point to which you refer, but that is on the basis of the Federal jurisdiction and not on the basis of anything that the State may be doing or saying in that regard.

Mr. DOLE. Up to this year they have always worked on it. The Federal, the U.S. Department of Agriculture would cooperate with the State grain inspection department to avoid duplication of effort, duplication of equipment, but now this year in Kansas we are required to pay some \$20,000 to the U.S. Department of Agriculture, to the Commodity Credit Corporation, as I understand it, for running these sedimentation tests on wheat.

Mr. BALLENTINE. We have not been notified of that. However, since we are a minor wheat-producing area and are not required to deal with that, we would probably not know as much about that as you do.

However, there is a growing tendency on the part of some branches of the Federal Government to move in in areas where the Federal-State programs have heretofore been sufficient, apparently.

Mr. SMITH. May I respond to that?

Mr. JONES. Yes.

Mr. SMITH. Kansas is a prime example, I think, of cooperation between the Federal and State Governments in the inspection of grain that is in State-licensed warehouses where it is Commodity

Credit Corporation grain. This is under the Commodity Credit Corporation charter. I would suggest that possibly the sedimentation tests may come under the Agricultural Marketing Service, or some other department. And so if that is the case, as I think it is, this would specifically come within the scope of this bill because it would authorize the cooperation necessary whether it is the Commodity Credit Corporation or any other department of the Federal Government.

Mr. DOLE. Our grain inspection department is completely competent and qualified and have the technicians available, but are told they can no longer do the testing or use certain types of moisture test equipment for next year, and that they will have to replace present equipment. Every elevator as I understand it will have to buy new moisture testing equipment, which has caused quite a lot of concern in our area.

Mr. JONES. It seems to me that this bill might help clarify that situation.

Mr. DOLE. That is what I am wondering, if it would help. For if so, it would be fine.

Mr. BALLENTINE. We have many agreements with the U.S. Department of Agriculture which are very acceptable, and very agreeable. And this bill should not be taken as any type of criticism of the U.S. Department of Agriculture, but rather as an effort to clarify the atmosphere, so that the heads of the various branches that work in the U.S. Department of Agriculture would not claim that since the legislative history setting out the work of that Department, did not specify that they should or that that work should be in cooperation with the State and that they have no responsibility in cooperating with the State.

We have just inaugurated a compulsory meat inspection program in North Carolina, and we think we are going to do a real good job. We have at the head of it, in this case, a retired Federal employee, but this is not a Federal-State program, so that it would not apply to your question. We have a man who spent 30 years with the Federal Meat Grading Service who supervises this work for us. We are not trying to get this done immediately, but we think in the long run that the service could best be rendered on the Federal-State program level rather than the Federal inspection of those plants that are now selling across the State lines and are engaged in interstate commerce. In some cases probably they would go across the lines if we had a different working arrangement than we have at the present time.

So we think that there is an opportunity here to make the program more effective and to save money for both the Federal and the State Governments.

So far as adding employees is concerned, I do not think that this would add a single employee unless you expanded or broadened the service by virtue of this operation.

If you did that, you would be getting services in exchange for the number of employees you might add. I do not think there would be any additional employees required. The bill does not imply that there would be any additional employees necessary.

Mr. JONES. Are there any other questions?

Mr. HEIMBURGER. I have no further questions.

Mr. JONES. Thank you.

Mr. HAGEN of California. I have one more question, or two more questions, really.

Do you think of a single instance where this legislation would change the present situation?

Mr. BALLENTINE. This does not require anything. This is a sort of soft approach to a problem. We think that it does say to the Secretary through this congressional action that this is something that the Congress had noted and this is something that ought to be considered by you in administering the affairs of the U.S. Department of Agriculture.

Mr. HAGEN of California. That leads me to my second question: Could we not improve this bill by saying further that the Secretary is authorized and directed? I might ask this question of Mr. Allen.

That he is to do so, to coordinate the effort?

Mr. BALLENTINE. I might give some basis for your question there by stating that the compulsory poultry inspection law which became effective January 1, 1959, has a provision authorizing the Secretary to enter into agreements with the Department of Agriculture or other proper agencies in carrying out this program, but so far the U.S. Department of Agriculture has not seen fit to do it. I think it has been blocked down the line, not in the Secretary's office.

Prior to the compulsory act, Maine had a very fine Federal-State program which was on a voluntary basis, but when the compulsory program came into effect the 1st of January 1959, the Department refused to go along with a Federal-State program for the compulsory program.

Mr. HAGEN of California. Mr. Allen, would the Department object if it was authorized and directed?

Mr. ALLEN. I think that you have a technical point there. I do not suppose that the Secretary of Agriculture is in a position to direct a State department.

Mr. HAGEN of California. I am suggesting a mandate to the Secretary to cooperate wherever possible with the State. I do not propose directing the States.

Mr. ALLEN. I do not think that Secretary Freeman would object to that. As a matter of fact, he is eager to explore this field and make an effort to bring this about; that is, a closer cooperation between the States and the Federal Government.

Mr. HAGEN of California. The point is that I recall that in the past compulsory poultry inspection law that the Maine example was cited as a case where a State had demonstrated its ability to perform this inspection, yet apparently this authorization has never been implemented.

Mr. ALLEN. In the case of the State of Maine, their broilers right now bring a bit of a premium in certain markets in the United States, because they established a good reputation for their poultry. And the fact that it has been inspected, and so forth.

The State governments look to this as being a place where the U.S. Department of Agriculture might move in and cooperate with the State and give leadership to the States to do this job.

And so it is a great disappointment to the various State departments of agriculture and other regulatory agencies that the then administration did not follow out this particular part of the law for authorization, rather, in the Poultry Inspection Act.

I can say that because at that time I was wearing a State hat, and I was on definitely the side of the State of Maine, that their work should be recognized.

I think one good example in many States is the fact that they do an excellent piece of work in the egg field—in eggs and egg products. And a great deal depends upon the attitude of the administrator of the particular Federal agency. And, of course, in turn the attitude of a State executive in charge of an agricultural program.

In my quite a number of years working in the field of agriculture as a State executive, I recognized the fact that this is one of the first moves that I have ever observed where the Federal and State people are desirous of getting together on a new approach to this problem in an effort to render better service and/or to effect economies in operating the service.

Mr. BEERMANN. At this point, what is the problem that the States have in this area—why should they ask the Federal Government for this cooperation—what problem do they have?

Mr. ALLEN. Let us put it this way—go ahead.

Mr. BALLENTINE. Mr. Chairman, there are many reasons. And we would have more if we did not already have many agreements with the U.S. Department of Agriculture. We have some agreements with the Department of Health, Education, and Welfare. But there are many cases where we would like to apply the same rules and regulations to intrastate business that are already applied in interstate business. That is, in order to make the programs effective and to make them harmonious and to work out agreeably and to the advantage of everyone concerned with the least effort and the least money involved. And because of that we think that the cooperative program is the way to do it.

Mr. DOLE. Can you cite one example?

Mr. BALLENTINE. I could cite you many.

Mr. DOLE. Which one?

Mr. BALLENTINE. That are already in effect. We will take fruits and vegetables. We have a Federal-State program for the grading of and inspection of fruits and vegetables. We operate that program on the Federal-State basis. We apply the Federal grades. We do not have State grades. And so the grades we apply are good in the State, are good out of the State. So you have no duplication of trying to apply State grades on those fruits and vegetables that are going to remain in the State and to apply U.S. grades on those that are going to go out of the State, or having the Federal Government grading the interstate and the State grading the intrastate.

I would like to give you, Mr. Chairman, one more example of confusion. The red meat inspection program was not or does not in any way recognize Federal-State cooperation. Any meats crossing the line or being sold in interstate commerce must be inspected by the Federal Government. And I have no serious objection to that. I think it should. We should have a Federal-State program which would be more effective. But here is where I do object and find, that is, that even though we have a compulsory inspection program in our State on red meat, we cannot apply the grade legend to those carcasses that have been inspected and passed, because the Federal USDA will not allow the legend of prime, choice, good, et cetera, to be ap-

plied to any carcass, except the carcass that has been passed on by the Federal inspection program.

We think that is carrying it mighty far, that we cannot apply the grade—the grade, not the inspection—the wholesomeness, but the grade to a carcass unless it has been inspected by a Federal inspector.

So what happens? In North Carolina we have three Federal inspected plants. We have about 75 that will be State inspected plants. We have got to come up with some kind of a gimmick or a grade legend that will allow us to get around this provision of the U.S. Department of Agriculture which keeps us from using this simple grade legend that is recognized everywhere by most everybody.

We can do it in poultry. We are allowed to apply the grade there. We did it under the old voluntary system, and we are doing it now.

There are many complications. And this is something that I think that we can work out if the Congress will just give us the prestige that we need by the sanction that this is something that ought to be done.

I would certainly go along with Congressman Hagen, with his suggestion, that if it is agreeable with the Secretary—not that we want to force the Secretary of the U.S. Department of Agriculture to cooperate, but simply to suggest that this is something that ought to be considered very thoroughly in an effort to improve the programs.

Mr. JONES. Are there any other questions?

Mr. ALLEN. I might say one other thing, Mr. Chairman.

In speaking of fruits and vegetables, North Carolina, I believe, is on a Federal trust fund basis.

Mr. BALLENTINE. Yes.

Mr. ALLEN. Some of the other States are examples of the State trust fund basis. That has been an optional choice in the agreements.

Mr. BALLENTINE. We are on the State basis.

Mr. ALLEN. I beg your pardon—I thought that you said that you were on the Federal basis.

Mr. BALLENTINE. I said we are doing this. We pay out of the fund, but they are still Federal.

Mr. ALLEN. It is supervised.

Mr. BALLENTINE. Supervised.

Mr. ALLEN. They are State employees?

Mr. BALLENTINE. Yes, sir. One reason why it is necessary to do it on fruits and vegetables is because these inspectors inspect in quite a number of States. They begin in the State of Florida, and then go up to Georgia, South Carolina, and right up the coast. And if they did not have some Federal employment status they would become nomadic inspectors, I would say, and they would not know where they had the responsibility.

Mr. ALLEN. On the other hand, those who remain in North Carolina are on the State payroll?

Mr. BALLENTINE. Yes.

Mr. JONES. We thank you, Mr. Ballentine.

We will now hear from Mr. Newell, who was formerly with the Department.

What is your title now?

Mr. NEWELL. Mr. Chairman, I am just a retired employee. I did not know that I was to be testifying here.

Mr. JONES. I have you on the list. We would be pleased to have your comments.

Mr. NEWELL. I worked with the Department of Agriculture for a good many years on the cooperative programs. I have seen them in many areas. This piece of legislation it seems to me, is to clarify some of the policies that would be endorsed by this committee. I think that it would facilitate better cooperative arrangements between the States and the Federal Government.

I might suggest on this matter of the employment of Federal employees, that is, retired people, that Mr. Heimburger could look into this question. I think that it will boil down to what the General Accounting Office determines is the character of the dollars they are paid. Under some of the funds, such as the sinking funds, these funds are allotted to the States and become State funds when so done. And the person who is employed by the State is considered to be paid out of State funds, although some portion of those funds could actually come from the Federal Government.

So I think that is where the crux of the thing will come as to where the money comes from. The Accounting Office, or whoever are the fiscal people, will determine the character of the funds that are used for this payment.

I have seen a lot of cooperation in all of the States for a great many years. I think we have always followed the policy that we can do more working together than either of us can do alone, and that we can expand the service to the farmers. I think it has been entirely constructive as a program for a great many years.

Thank you.

Mr. JONES. Thank you, Mr. Newell.

Are there any questions?

Mr. Quie has an identical bill, H.R. 12947, and has requested permission to file a statement in support of his bill, and that will be inserted at this point in the record.

(The statement by Mr. Quie follows:)

STATEMENT OF HON. ALBERT H. QUIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. Chairman and members, I wish to submit a brief statement in support of my bill, H.R. 12947.

This legislation is long overdue and will make laws already on the statute books more workable. In areas of pest and disease control and marketing assistance, there is much room for improvement.

In many instances, similar projects are now carried out by both the State and Federal Governments. These projects could be implemented entirely by State personnel.

It is my belief that this legislation will strengthen the role of State governments and in some cases eliminate duplication by Federal and State officials. I am glad to be able to join with my colleague, the Honorable Neal Smith of Iowa, in sponsoring this legislation.

I wish to submit a letter which I received from Mr. Duane A. Wilson, Commissioner of Agriculture of the State of Minnesota, and Mr. Mervin R. Syverson, Deputy Commissioner of Agriculture of the State of Minnesota. The letter from these two gentlemen expresses clearly and completely the reasons for enacting this legislation.

STATE OF MINNESOTA DEPARTMENT OF AGRICULTURE,
St. Paul, August 31, 1962.

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

DEAR AL: These are our reasons we would ask that you support H.R. 12802 and H.R. 12947.

There are several areas in which there is no reason for duplication of Federal and State efforts, and it is our feeling that the State efforts should be recognized

by USDA. For example, we do receive funds from USDA for barberry eradication and the control of white pine blister rust. The State of Minnesota puts additional funds into these projects, but the handling of these projects is under the direction of the Federal agency involved. We can see no reason why USDA funds could not be in the form of grant-in-aid to the State for these projects and that the projects could be carried out by State personnel and under complete State direction and guidance.

We also feel that the national poultry and turkey improvement plans which are Federal in scope have worked very satisfactorily here in Minnesota. The Poultry Division of the Department of Agriculture in Minnesota inspects and issues certificates on shipments both interstate and foreign on chicks, hatching eggs, and poults. We also feel that we could do the Federal inspection and grading of poultry and eggs, and issue the appropriate certificates without Federal staffing here. The fact is, both we of State government and the Federal people have personnel traveling in the field, which is again a duplication. We do feel, however, that the Federal Government should promulgate the rules and regulations and give such technical assistance and training of State people regarding uniformity of the job between States. Our State certifies seed potatoes. There are people in our State who certify seed. We also feel that we have the kind of people here who could handle the market news reporting for the Federal people without duplication.

There are more areas than we have mentioned in which we are sure we could do the job and eliminate duplication and offer closer cooperation between State and Federal Government. We favor grants-in-aid, technical assistance, and State supervision and direction to accomplish this.

This bill in the form of a resolution was presented at the meeting of the North Central Association of State Departments of Agriculture and received unanimous support with the addition of an amendment that called for grants-in-aid progress by the Federal Government to the State departments of agriculture.

We hope that this will strengthen the support for this legislation.

Sincerely yours,

DUANE A. WILSON,
Commissioner.
MERVIN R. SYVERSON,
Deputy Commissioner.

Mr. JONES. Are there any other persons who would like to give any comments on this?

Mr. Heimburger, do you have anything else?

Mr. HEIMBURGER. No, I have not, Mr. Chairman. Thank you.

I think this question of the relationship between the Federal Government and its former employees in this program is one that should be gone into, and I will do that. It becomes rather complicated.

For example, while some employees are paid from State funds supplied up to 50 percent by the Federal Government, nevertheless they have many characteristics that apply to many Federal employees, and I am not sure whether they are regarded as Federal employees.

Mr. ALLEN. I believe that in most States they are considered both. And in some instances they are on dual retirement. As I recall, they are in my home State.

Mr. HELMBURGER. We will look into this question suggested by Mr. Hagen.

Mr. BEERMANN. Mr. Chairman, while these gentlemen are still here, I wonder if all of the people in industry that would be affected by this bill have been notified of the provisions of the bill?

Mr. JONES. I could not answer that question.

Mr. ALLEN. I can say this, that the provisions of this bill have been discussed by me with representatives of business; for example, some of the meatpacking industry people have been in. In other words, their associations and so on are located in Washington and a great

many of them have either contacted me by telephone or have been over to the office to ask me questions about it. And so far all have been in favor of it.

I would not say that the broad scope of industry has been notified and formally contacted.

Mr. JONES. I would say this, the fact that these bills have been introduced, and with the industry with its legislative representatives here in Washington, that they keep a pretty close eye on this. I think that if there is any objection we would at this time have had an opportunity to have heard from them. And the fact that we said that the hearings would be held.

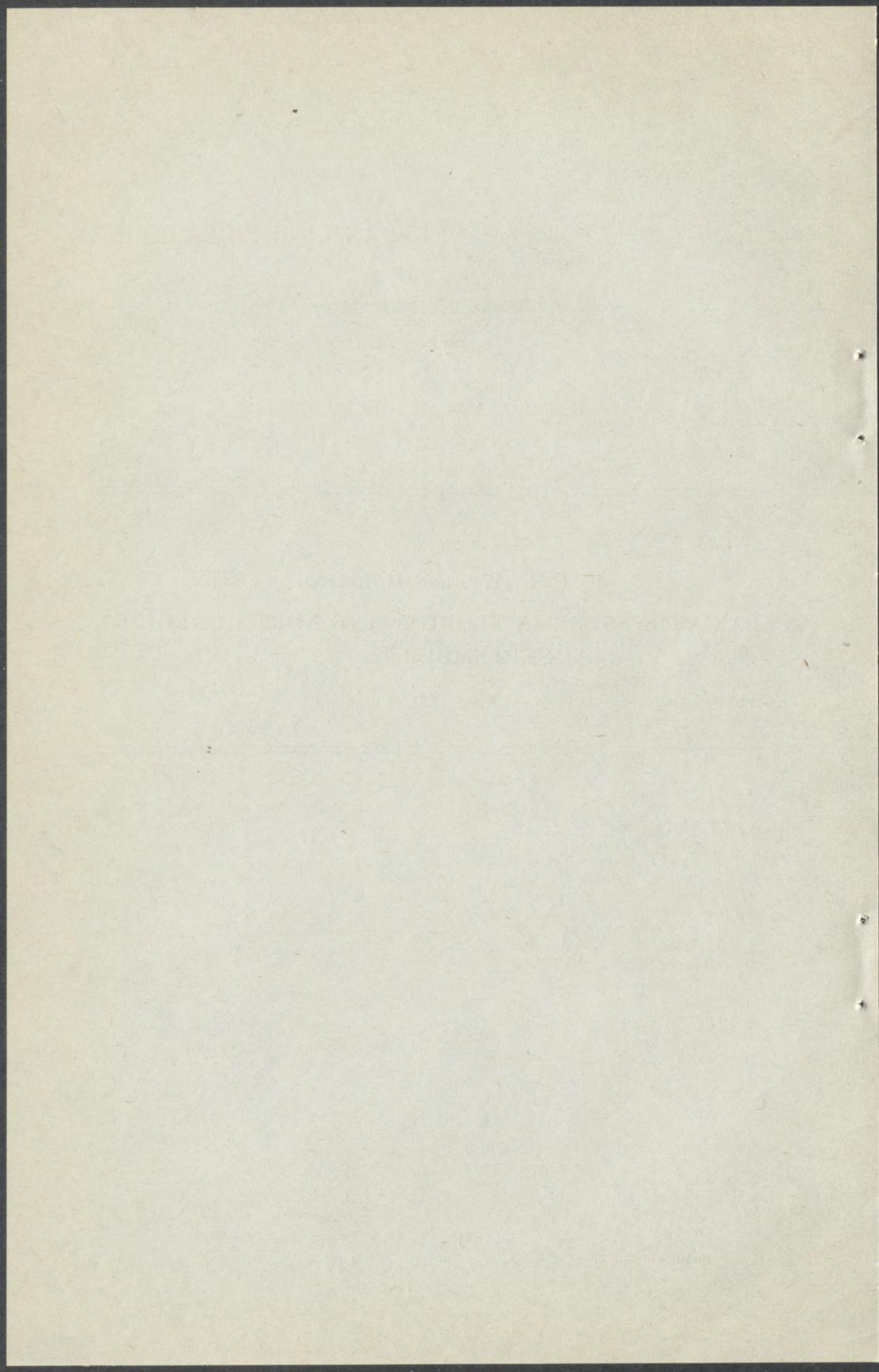
Mr. BALLENTINE. Mr. Chairman, this is not proof positive, but I drafted the verbiage in the poultry inspection program for the Secretary to have the authority to make this kind of agreement, and I did it with the approval of the industry. They went along with the idea. They thought it was good.

Mr. JONES. If there are no other questions, we will go into executive session.

(Whereupon, at 11:30 a.m., the subcommittee proceeded into executive session.)

H.R. 11745 and H.R. 11554
LAND TRANSFER IN FLORIDA AND NORTH CAROLINA
SEPTEMBER 12, 1962

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LAND TRANSFER IN FLORIDA AND NORTH CAROLINA

WEDNESDAY, SEPTEMBER 12, 1962

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

The committee met at 10:10 a.m., pursuant to notice, in room 1310, New House Office Building, Washington, D.C., Hon. W. R. Poage presiding.

Present: Representatives Poage, Gathings, Abernethy, Hagen of California, Johnson of Wisconsin, Matthews, Coad, Breeding, Stubblefield, Purcell, Hoeven, Dague, McIntire, Teague of California, Short, Mrs. May, Dole, and Beermann.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; and Francis LeMay, consultant.

Mr. POAGE. The committee will come to order.

We have a rather extensive schedule here. We will get started. The first bill that I have listed is H.R. 11745, which is relative to a land transfer in the State of Florida. We also have H.R. 11554, relative to a transfer of land in North Carolina.

(H.R. 11745, with the Department report dated August 24, 1962, H.R. 11554 and the Department report dated August 23, 1962, follow:)

[H.R. 11745, 87th Cong., 2d sess.]

A BILL To provide for the conveyance of certain real property of the United States situated in the State of Florida

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall convey to Charles S. Mills, of Lynn, Florida, without monetary consideration therefor, all right, title, and interest of the United States in and to the real property described in section 2 of this Act.

SEC. 2. The real property referred to in the first section of this Act is more particularly described as follows: Lot 17, Waldena, as per plat thereof recorded in plat book E, page 23, of the public records of Marion County, Florida.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 24, 1962.

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

DEAR MR. CHAIRMAN: This is in response to your request of May 16, 1962, for a report on H.R. 11745, a bill to provide for the conveyance of certain real property of the United States situated in the State of Florida.

This Department has no objection to enactment of this bill because of the special circumstances in this case.

H.R. 11745 would direct the Secretary of Agriculture to convey, without consideration, to Charles S. Mills, all right, title, and interest of the United States

in and to the real property described as lot 17 in the town of Waldena, located in sec. 8, T. 15, S., R. 24 E., Marion County, Fla.

In 1939 the United States purchased a large tract of land in Marion County from the Port Richey Co., Inc. This tract purportedly included lot 17. Recent reexamination of title evidence has disclosed, however, that good title to lot 17 was vested in the claimant and not in the Port Richey Co., Inc., at the time the Government obtained its deed. Under the act of July 8, 1943, as amended (5 U.S.C. 567) the Secretary of Agriculture has authority to correct situations of this kind by giving quitclaim deeds. However, action must be taken under that act within 20 years. Since the 20-year period in which a quitclaim deed could be executed pursuant to the 1943 act has expired, we would have no objection to the enactment of H.R. 11745.

Future need for special legislation of this kind would be eliminated by enactment of H.R. 12434, a bill to facilitate the work of the Forest Service, and for other purposes. Section 3 of H.R. 12434 would extend indefinitely the authority of the Secretary of Agriculture to quitclaim lands acquired through mistake, misunderstanding, error, or inadvertence.

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.*

[H.R. 11554, 87th Cong., 2d sess.]

A BILL To authorize the Secretary of Agriculture to convey certain lands in Clay County, North Carolina, to Henry Mosteller and Elizabeth Mosteller, his wife

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to convey by quitclaim deed, without consideration, to Henry Mosteller and Elizabeth Mosteller, his wife, all the right, title, and interest of the United States in and to the following lands:

The Lonnie Mull tract numbered 74-I and part of the Lonnie Mull tract numbered 74-II, lying and being in the county of Clay, State of North Carolina, on the waters of Tuni Creek, a tributary of the Tusquitee Creek and Hiwassee River and more particularly described as follows:

Lonnie Mull tract numbered 74-I: Beginning at corner 1, which is corner 103 of the Andrews Hardwood Company, tract numbered 301, common to Roger Mosteller parcel and the Huffman parcel in the east boundary of State survey numbered 50, between the road and Tuni Creek, 1.20 chains below the ford, a 6 inches by 8 inches by 40 inches planted stone with witness trees present, chiseled the stone F.S. 103; thence with a line common to the Roger Mosteller parcel, now Henry Mosteller, south 17 degrees 36 minutes west 12.11 chains to corner 2, identical to corner 1 of tract numbered 74-II, set a stake replacing a 20-inch white oak stump called for; thence with a line common to tract numbered 74-II south 85 degrees 09 minutes east 3.14 chains to corner 3, which is corner 1 of tract numbered 74, at intersection with the east boundary of section 50, a point; thence with a line of tract numbered 74, north 2 degrees 36 minutes east 7.95 chains to corner 4, at intersection with a line of the Garland Melton parcel, a point; thence with two lines common to the Garland Melton parcel, south 86 degrees 21 minutes west 0.36 chains to corner 5, an 8-inch buckeye stump, north 7 degrees 46 minutes east 3.92 chains to the place of beginning, containing 1.8 acres, be the same more or less.

Lonnie Mull tract, a part of number 74-II: Beginning at corner 1, identical to corner 2 of tract numbered 74-I, and common to the Henry Mosteller parcel, a stake replacing a white oak stump; thence with a line of tract numbered 74-I, south 85 degrees 09 minutes east (passing corner 3 of tract numbered 74-I at 3.14 chains) 22.33 chains to corner 2, 16-inch Spanish oak with witnesses, identical to corner 2 of tract numbered 74; thence down and with the ridge as it meanders, a southwesterly direction through tract numbered 74-II, the following courses: South 41 degrees 00 minutes west 1.30 chains, a point, south 15 degrees 00 minutes west 2.40 chains, a point, south 69 degrees 00 minutes west 3.00 chains, a point, south 53 degrees 30 minutes west 1.90 chains, to corner 3, a point on top of ridge, in line 1-3 of tract numbered 74-II, common to the Henry Mosteller parcel, set a stake; thence with a line common to the Henry Mosteller parcel, north 67 degrees 30 minutes west, 18.31 chains to the place of beginning, containing 6.6 acres, be the same more or less.

All bearings in this description are turned from the true meridian and all distances are expressed in chains.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 23, 1962.

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

DEAR MR. CHAIRMAN: This is in response to your request of July 9, for a report on H.R. 11554, a bill to authorize the Secretary of Agriculture to convey certain lands in Clay County, N.C., to Henry Mosteller and Elizabeth Mosteller, his wife.

H.R. 11554 would authorize the Secretary of Agriculture to convey, without consideration, to Henry Mosteller and his wife, Elizabeth Mosteller, all right, title and interest of the United States in and to a parcel of land in Clay County, N.C., containing 8.4 acres more or less.

The area referred to was included in the condemnation proceedings entitled, "*United States v. 351.31 Acres of land in Clay County, North Carolina, F. A. Mosteller, et al., at Law No. 279*" on the basis of an option obtained by the United States from Lonnie Mull and wife. At the time of the condemnation superior title to this 8.4 acres was in Henry Mosteller and wife rather than the Mulls and the Mostellers were in possession thereof. This 8.4 acres was included in the survey of the Mull tract and in the condemnation proceedings through error or mistake and without any intention on the part of the United States to acquire it without the consent of the Mostellers.

Authority exists under the act of July 8, 1943, as amended (5 U.S.C. 567) for the Secretary of Agriculture to issue a quitclaim deed to the rightful owner in situations of this kind. At the present time, however, this authority is available only if the quitclaim deed is issued within 20 years after the Government acquired title. In this instance the title was acquired in the condemnation proceedings on February 19, 1936. Thus, more than 20 years have elapsed. Therefore, this Department would not object to the enactment of H.R. 11554.

Future need for special legislation of this kind would be eliminated by enactment of H.R. 12434 a bill to facilitate the work of the Forest Service, and for other purposes. Section 3 of H.R. 12434 would remove the 20-year limitation on the authority of the Secretary of Agriculture to quitclaim lands acquired through mistake, misunderstanding, error, or inadvertence.

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.*

MR. POAGE. Is there anyone here on the first one, H.R. 11745?

MR. HEIMBURGER. I have a statement here from Mr. Herlong.

MR. POAGE. I think that we should have it read.

STATEMENT OF HON. A. SIDNEY HERLONG, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA, READ BY MR. HEIMBURGER, COMMITTEE COUNSEL

MR. HEIMBURGER (reading):

MR. CHAIRMAN: I appreciate having this opportunity to present a statement in behalf of my bill, H.R. 11745. The situation with respect to the property owned by Mr. Charles S. Mills described in the bill has been so clearly outlined in the report submitted to the Committee on Agriculture by the Department of Agriculture that I am sure you do not want me to go into it at further length.

Even though the Department of Agriculture would be perfectly willing to release any apparent interest which it has in the lot owned by Mr. Mills, it is my understanding that it is necessary for the Congress to give the Department statutory authority before this can be done.

That is the purpose of H.R. 11745, and I shall greatly appreciate favorable action by the committee in order that Mr. Mills' title to his property can be cleared.

Mr. POAGE. In this report from the Department it states:

In 1939 the United States purchased a large tract of land in Marion County from the Port Richey Co., Inc. This tract purportedly included lot 17. Recent reexamination of title evidence has disclosed, however, that good title to lot 17 was vested in the claimant and not in the Port Richey Co., Inc., at the time the Government obtained its deed. Under the act of July 8, 1943, as amended, the Secretary of Agriculture has authority to correct situations of this kind by giving quitclaim deeds. However, action must be taken under that act within 20 years. Since the 20-year period in which a quitclaim deed could be executed pursuant to the 1943 act has expired, we would have no objection to the enactment of H.R. 11745.

And it further states:

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.

Where there has been an error and somebody does have a claim on somebody's property, without any real right, it ought to be cleared up.

Do we have a Department witness here?

Mr. HELMBURGER. We have a Department witness here.

Mr. POAGE. Do you want to make a statement?

STATEMENT OF PAUL A. SWARTHOUT, ASSISTANT DIRECTOR, DIVISION OF LAND ADJUSTMENT, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. SWARTHOUT. I have no statement to make, Mr. Chairman. My name is Paul A. Swarthout, from the Forest Service. I do not have a statement further to add to the Department's report to the Committee on this bill.

Mr. POAGE. The gentlemen up here are asking me questions that they do not seem to want to ask you, so I will ask them.

Why do you not recommend that we amend the act of 1943, or extend the act of 1943, so that you can make these corrections without coming to the Congress each time?

Mr. SWARTHOUT. That has been done, Mr. Chairman. H.R. 12434 contains that provision.

Mr. POAGE. What is that number again?

Mr. SWARTHOUT. H.R. 12434.

Mr. POAGE. Is there any purpose in passing this bill, if we pass the general bill?

Mr. SWARTHOUT. I am not prepared to answer that, sir. I think that this bill corrects an error.

Mr. POAGE. I understand that it will, but if we pass the general bill, you will have the authority to correct the error, will you not?

Mr. SWARTHOUT. That is correct. I cannot tell you the status of the general bill at the moment, sir.

Mr. POAGE. If we report the general bill out, it will be passed just as fast as this bill can be, will it not?

Mr. SWARTHOUT. Yes, sir.

Mr. POAGE. Is there any purpose in the world for this—what in the world is the purpose of putting in a separate bill for each one of these, if you can handle it by a general bill? If we are going to pass the general bill, what is the purpose of passing the separate bills?

Mr. SWARTHOUT. There would be none, sir.

Mr. POAGE. All I want to know from you then is, is it clear that if we pass the general bill you will then be in a position to take care of this situation in the future without any private bills?

Mr. SWARTHOUT. That is correct, sir.

Mr. POAGE. You will take care of it?

Mr. SWARTHOUT. Yes, sir.

Mr. POAGE. All right.

Mr. Short.

Mr. SHORT. I raise a technical question. The Secretary's letter on this bill states that the 20-year period for the quitclaim deed to be executed, pursuant to the act of 1943, has expired, and that they have no objection to the enactment of H.R. 11745. Do we have to provide in this other bill that we extend this authority to make it retroactive to this expiration date?

Mr. HEIMBURGER. It would have that effect.

Mr. POAGE. Mr. McIntire.

Mr. McINTIRE. I do want to make this observation. If for any reason the general bill were to be held up, then, of course, this separate bill would be needed.

Mr. POAGE. I know that. It seems to me that instead of passing each bill, which costs several hundred dollars each time is needless. And it seems to me that it is needless for the Congress to follow that course in passing private bills when they do not involve more than \$35 worth of property. But if that is the only way that we can take care of it, all right, and we ought to do it, regardless of the cost. But I do not see the merit of spending a thousand dollars to correct a \$50 error when we can correct 50 to 100 of them in 1 bill. It seems ridiculous that we should pass a separate bill on each occasion. That is what I was hoping to avoid, if we can.

Is there anything further to be said on H.R. 11745? If not, we will pass to the next bill, H.R. 11554.

Is Mr. Taylor present?

Mrs. GALLAGHER (clerk). He is not going to appear, but he wants permission to submit a statement for the record.

Mr. POAGE. We will give him permission to submit the statement. Does anybody want to say anything about the bill?

Mrs. GALLAGHER (clerk). Here is his statement.

Mr. POAGE. Somebody will have to read that statement.

Mr. HOEVEN. It seems to me, that the sponsors of these bills if at all interested in their own bills should make a personal appearance before the committee in behalf of their own bills.

Mr. MATTHEWS. I will be glad to represent Mr. Taylor.

Mr. POAGE. We will be glad to have you do so.

Mr. MATTHEWS. Do you want me to read his statement? May I ask leave to read the statement?

Mr. POAGE. I am just informed that Mr. Taylor is outside the committee room.

Mr. MATTHEWS. I am quite sure that he is very interested. He talked to me about it.

Mr. POAGE. He is welcome to come right into the committee room to tell us about this.

Mr. MATTHEWS. This is one of these periods when so many of us are at home. That is one reason maybe for this delay.

Mr. POAGE. We will be glad to have you come in and tell us about this. The committee will not know about this unless somebody tells us. You can file your statement if you desire—we will be glad to accept it—but tell us about this.

STATEMENT OF HON. ROY A. TAYLOR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. TAYLOR. Mr. Chairman and members of the committee, I will be glad to answer any questions or discuss this. You can file my statement. I was informed or advised that it probably would be more proper procedure to file my statement. I will not read it, unless it is necessary.

Mr. POAGE. Just tell us what you want.

Mr. TAYLOR. Back in 1935, the Federal Government was in the process of acquiring some property in Clay County, N.C., for the Nantahala National Forest.

The procedure used was to purchase the property by agreement with the owners, but in some cases condemnation proceedings were resorted to as a means of perfecting and transferring title. Through an error in one of the condemnation proceedings, two small tracts of property belonging to Henry Mosteller and his wife were included as part of a parent tract or a larger tract.

The title was acquired or purportedly acquired by the Federal Government as a result of this error made by an attorney employed by the Government on February 19, 1936.

Possession of this property has remained with Henry Mosteller and his wife down to this date. The Mostellers did not realize the error had been made until about 2 years ago when a title examination was made of the property. The error was detected and demand was made upon the Department of Agriculture to correct the error which had been made and to remove this cloud from the title. The Department acknowledged the error, acknowledged that it had no claim to the property, but stated that it lacked authority to go more than 20 years back in correcting such errors. And for that reason it could not make the correction without legislative authority, and for that reason this bill has been introduced.

I might say that the Attorney General's office was contacted by attorneys for the Department of Agriculture and asked as to whether or not it would be feasible to reopen the case and to correct the judgment so as to delete this 8.4-acre tract, and the Attorney General took the position that that would not be preferable but, that it would be better to do it by this method.

Mr. POAGE. Thank you, Mr. Taylor. Your prepared statement will be made a part of the record at this point.

(The prepared statement of Hon. Roy A. Taylor follows:)

STATEMENT OF HON. ROY A. TAYLOR, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NORTH CAROLINA

H.R. 11554 authorizes the Secretary of Agriculture to convey certain land in Clay County, N.C., to Henry Mosteller and wife Elizabeth Mosteller. The facts in support of this bill are well set forth in a favorable report received from the Department of Agriculture dated August 23, 1962.

In 1935 the Federal Government was in the process of acquiring certain property in Clay County, North Carolina's smallest, and one of its most rural

counties, for the Nantahala National Forest. The property was acquired by purchase but in some cases as a means of perfecting and transferring title condemnation procedure was used.

Through an error made by an attorney representing the Government, one of the descriptions in a condemnation proceeding including 8.4 acres of mountain land belonging to Henry Mosteller and wife and title to this tract was purportedly conveyed to the Government on February 19, 1936.

Henry Mosteller and wife did not know of the error and have remained in peaceful possession of the property until the present. Some 2 or 3 years ago as a result of title examination, the error was discovered and demand was made on the Agriculture Department to execute a quitclaim deed conveying any interest it might have in the property to Henry Mosteller and wife.

The Agriculture Department acknowledged the error and acknowledged a willingness to help correct the title but pointed out that the Department lacked authority to correct an error of this type since the error went back more than 20 years and the statutory authority limited corrections of this type to 20 years from the date of correction.

Attorneys for the Agriculture Department reviewed the case and referred it to the Attorney General and asked him to consider having the condemnation proceeding reopened and having the Henry Mosteller tract eliminated from the judgment. The Attorney General took the position that this action was not advisable as congressional action would be an ample procedure.

Mr. POAGE. I think that you have helped us a great deal. We just had a bill up involving exactly the same statute of 1943 with exactly the same problem where land was included by error and admittedly the Government does not have title to it, but it does cast a cloud on the rights of the owners, and the Department has recommended in both cases that they have no objection to the passage of the legislation, but there are other situations exactly like this throughout the country, and a bill has been introduced in the form of a general bill authorizing them to make the corrections generally.

I should like to ask the departmental witness again as to whether or not the same situation exists in this case as exists in connection with the previous case, does it not?

Mr. SWARTHOUT. Yes, sir.

Mr. POAGE. And if the general bill is passed you can and will make the correction?

Mr. SWARTHOUT. That is correct.

Mr. POAGE. And the private bill will be unnecessary if we pass the general bill?

Mr. SWARTHOUT. That is correct.

Mr. POAGE. Thank you. Are there any other questions?

Mr. TAYLOR. Thank you. Of course, the passage of the general bill would be very satisfactory in my case.

Mr. POAGE. I shall ask Mr. Abernethy to take the chair, and we will pass on to the next bill.

(Whereupon, at 10:25 the hearing on these two bills closed.)

Faint, illegible text, possibly bleed-through from the reverse side of the page. The text is too light to transcribe accurately.

S. 2859

RELATING TO CROP INSURANCE
SEPTEMBER 12, 1962

8. 1937
RELATING TO CROP INCREASE
SEPTEMBER 12, 1937

RELATING TO CROP INSURANCE

WEDNESDAY, SEPTEMBER 12, 1962

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

The committee met at 10:25 a.m., pursuant to notice, in room 1310, New House Office Building, Washington, D.C., Hon. Thomas G. Abernethy presiding.

Present: Representatives Abernethy, Gathings, Hagen of California, Johnson of Wisconsin, Matthews, Coad, Breeding, Stubblefield, Purcell, Hoeven, Dague, McIntire, Teague of California, Short, Mrs. May, Dole, and Beermann.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; and Francis LeMay, consultant.

MR. ABERNETHY. We will next consider S. 2859, to amend the Federal Crop Insurance Act in order to increase the number of new counties in which crop insurance may be offered each year.

(S. 2859 and the report of the Senate No. 1614 are as follows:)

[S. 2859, 87th Cong., 2d sess.]

AN ACT To amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fourth sentence of section 508(a) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1508(a)), is amended by striking out "in not to exceed 100 counties", and inserting in lieu thereof "in not to exceed 150 counties".

Passed the Senate June 23, 1962.

Attest:

FELTON M. JOHNSTON, *Secretary*.

[87th Cong., 2d sess., Senate Rept. No. 1614]

EXPANSION OF FEDERAL CROP INSURANCE COVERAGE

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2859) to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would permit Federal crop insurance to be offered in 150 additional counties each year. At present expansion is limited to 100 new counties each year.

Crop insurance is offered farmers in selected counties by the Federal Crop Insurance Corporation. This Corporation is wholly Government-owned and provides all-risk crop insurance protection against unavoidable causes of loss.

In 1948 the crop insurance program was placed on a limited, experimental basis to gain experience and accumulate actuarial data. This was done by Congress because of the adverse experience the crop insurance program had

from 1938 to 1947 when it was on a national basis. During this experimental period (1948-61) expansion to new counties has been limited. In no year during this period did the number of new counties allocated approach the 100-county limitation. The objective was the development of a sound program that could be operated on a national basis.

Although expansion in the last 14 years has been limited, the Department feels that the experience gained during this period is sufficient to justify a more rapid rate of expansion so as to provide more farmers with the protection provided under the all-risk crop insurance program.

Table I summarizes the crop insurance operation for the crop year 1962.

TABLE I.—1962 crop year (estimated)

| | |
|------------------------------------|--------------|
| Number of counties..... | 996 |
| Number of county programs..... | 1,953 |
| Number of commodities insured..... | 16 |
| Number of crops insured..... | 370,000 |
| Premiums..... | \$24,000,000 |
| Indemnities..... | \$21,600,000 |
| Loss adjustment cost..... | \$1,000,000 |

In 1948, when the program was placed on a limited basis, the law provided that not more than seven commodities might be covered the first year and not more than three additional commodities each year thereafter. Table II shows the commodities now covered and the number of county programs in effect in 1962.

TABLE II.—Commodities insured and number of county programs in effect in 1962

| Commodity | County programs | Commodity | County programs |
|--------------------|-----------------|---------------|-----------------|
| Barley..... | 133 | Peaches..... | 3 |
| Beans..... | 25 | Peanuts..... | 5 |
| Citrus..... | 14 | Raisins..... | 8 |
| Combined crop..... | 38 | Rice..... | 7 |
| Corn..... | 335 | Soybeans..... | 322 |
| Cotton..... | 155 | Tobacco..... | 187 |
| Flax..... | 78 | Wheat..... | 541 |
| Grain sorghum..... | 27 | | |
| Oats..... | 75 | Total..... | 1,953 |

Crop insurance is a program under which farmers pay a premium for the protection they get against crop losses. Premiums in effect for the various crops are designed to cover losses and provide for a reasonable reserve, but not administrative costs, although some administrative costs are paid out of premium income.

The total cost of the program, including administrative expenses, since its inception in 1938, amounts to \$190,714,653. Of this, \$63,708,907 are the losses experienced because indemnities and other costs charged against premiums exceeded premiums.

However, for the period 1948-61 premiums exceed indemnities and other costs paid out of premiums by \$9,291,093. During this period \$4,912,647 in loss adjustment costs and \$1,891,693 in administrative costs were paid out of premiums.

Administrative costs (appropriated) for the entire period 1938-61 amounts to \$127,005,076. Of this, \$81,178,672 is chargeable to the 1948-61 period.

Table III shows complete data on the program from its inception.

The Department of Agriculture favors enactment of this bill. The report on the bill from the Department follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C. May 7, 1962.

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

DEAR MR. CHAIRMAN: This is in reply to your request of February 20, 1962, for a report on S. 2859, a bill to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year.

The Department recommends that the bill be passed.

The bill provides for an increase in the number of new counties in which crop insurance may be offered each year from 100 to 150.

In 1948 the crop insurance program was placed on a limited, experimental basis to gain experience and accumulated actuarial data. This was done by Congress because of the adverse experience the crop insurance program had from 1938 to 1947 when it was on a national basis. During this experimental period (1948-61) expansion to new counties has been limited. In no year during this period did the number of new counties allocated approach the 100-county limitation.

It has been determined that after 14 years of experience on a limited basis, expansion should be at a more rapid rate. For the 1962 crop year, 100 new counties were allocated. Current plans for 1963 also provide for 100 new counties. If the limitation on new counties is increased from 100 to 150, it will permit expansion at a more rapid rate. The number of new counties that could be added to the program each year, would of course depend on the availability of funds each year for expansion of the crop insurance program.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

CHANGES IN EXISTING LAW

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

FEDERAL CROP INSURANCE ACT

* * * * *

SEC. 508. To carry out the purposes of this title the Corporation is authorized and empowered—

(a) Commencing with crops planted for harvest in 1948, for the purpose of determining the most practical plan, terms, and conditions of insurance for agricultural commodities, if sufficient actuarial data are available, as determined by the Board, to insure, or to reinsure insurers of, producers of such agricultural commodities under any plan or plans of insurance determined by the Board to be adapted to any such commodity. Such insurance shall be against loss of the insured commodity due to unavoidable causes, including drought, flood, hail, wind, frost, winterkill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board: *Provided*, That, except in the case of tobacco, such insurance shall not extend beyond the period the insured commodity is in the field. In 1948 insurance shall be limited to not more than seven agricultural commodities (including wheat, cotton, flax, corn, and tobacco) and to not more than three additional agricultural commodities in each year thereafter: *Provided*, That other agricultural commodities may be included in multiple crop insurance (insurance on two or more agricultural commodities under one contract with a producer). Beginning with crops planted for harvest in 1954, crop insurance may be offered each year in not to exceed **[100]** 150 counties in addition to the number of counties in which such insurance was offered in the preceding year. In determining the new counties in which such insurance is to be offered and the commodities to be insured, the Corporation shall take into consideration the demand of farmers for such insurance, the extent to which such

insurance is available to commercial producers of insured commodities, and the anticipated risk of loss to the Corporation. Reinsurance for private insurance companies shall be limited to not to exceed twenty counties which may be selected without regard to the other county limitations specified herein. Any insurance offered against loss in yield shall not cover in excess of 75 per centum of the recorded or appraised average yield of the commodity on the insured farm for a representative period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just: *Provided*, That if 75 per centum of the average yield represents generally more protection than the investment in the crop in any area, taking into consideration recognized farming practices, the Board shall reduce such maximum percentage, so as more nearly to reflect the investment in the crop in such area. Insurance provided under this subsection shall not cover losses due to the neglect or malfeasance of the producer, or to the failure of the Board shall be representative of the several areas where the agricultural producer to reseed to the same crop in areas and under circumstances where it is customary to so reseed, or to the failure of the producer to follow established good farming practices. Counties selected by the Board shall be representative of the several areas where the agricultural commodity insured is normally produced. The Board may limit or refuse insurance in any county or area, or on any farm, on the basis of the insurance risk involved. Insurance shall not be provided on any agricultural commodity in any county in which the Board determines that the income from such commodity constitutes an unimportant part of the total agricultural income of the county, except that insurance may be provided for producers on farms situated in a local producing area bordering on a county with a crop-insurance program. The Corporation shall report annually to the Congress the results of its operations as to each commodity insured.

(b) To fix adequate premiums for insurance in the agricultural commodity or in cash, at such rates as the Board deems sufficient to cover claims for crop losses on such insurance and to establish as expeditious as possible a reasonable reserve against unforeseen losses: *Provided*, That such premiums may be established on the basis of the parity or comparable price for the commodity as determined and published by the Secretary of Agriculture, or on the basis of an average market price designated by the Board. Such premiums shall be collected at such time or times, or shall be secured in such manner, as the Board may determine.

(c) To adjust and pay claims for losses in the agricultural commodity or in cash, under rules prescribed by the Board: *Provided*, That indemnities may be determined on the same price basis as premiums are determined for the crop with respect to which such indemnities are paid. The Corporation shall provide for the posting annually in each county at the county courthouse of a list of indemnities paid for losses on farms in such county. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation, an action on such claim may be brought against the Corporation in the United States district court, or in any court of record of the State having general jurisdiction, sitting in the district or county in which the insured farm is located, and jurisdiction is hereby conferred upon such district courts to determine such controversies without regard to the amount in controversy: *Provided*, That no suit on such claim shall be allowed under this section unless the same shall have been brought within one year after the date when notice of denial of the claim is mailed to and received by the claimant.

(d) From time to time, in such manner and through such agencies as the Board may determine, to purchase, handle, store, insure, provide storage facilities for, and sell the agricultural commodity, and pay any expenses incidental thereto, it being the intent of this provision, however, that, insofar as practicable, the Corporation shall purchase the agricultural commodity only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly the agricultural commodity sold to prevent deterioration; and shall sell the agricultural commodity only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however*, That nothing in this section shall prevent prompt offset purchases and sales of the agricultural commodity for convenience in handling. Nothing in this section shall prevent the Corporation from accepting, for the payment of premiums, notes payable in the commodity insured, or the cash equivalent, upon such security as may be determined pursuant to subsection (b) of this section, and from purchasing the quantity of the commodity represented by any of such notes not paid at maturity. The restriction on the purchase and sale of the

agricultural commodity provided in this section shall be made a part of any crop insurance agreement made under this title. Notwithstanding any provision of this title, there shall be no limitation upon the legal or equitable remedies available to the insured to enforce against the Corporation the foregoing restriction with respect to purchases and sales of the agricultural commodity.

(e) In connection with insurance upon yields of cotton, to include provision for additional premiums and indemnity in terms of lint cotton to cover loss of cottonseed, such additional premium and indemnity to be determined on the basis of the average relationship between returns from cottonseed and returns from lint cotton for the same period of years as that used for computing yields and premium rates.

Mr. ABERNETHY. I note on our list that we have Mr. John Luft of the Federal Crop Insurance Corporation present, and we will be glad to hear from you now.

STATEMENT OF JOHN N. LUFT, MANAGER, FEDERAL CROP INSURANCE CORPORATION; ACCOMPANIED BY JOHN P. SKEFFINGTON, DIRECTOR, BUDGET AND FINANCE, FEDERAL CROP INSURANCE CORPORATION

Mr. LUFT. Mr. Chairman and members of the committee, I am John N. Luft, the manager of the Federal Crop Insurance Corporation. It is a pleasure to be here with you this morning and to discuss with you the proposed bill, S. 2859, to amend the Federal Crop Insurance Act to increase the maximum number of new counties in which crop insurance may be offered each year from 100 to 150 counties.

I shall not read this statement unless you would have me do so. I will be very brief in my presentation here.

Mr. ABERNETHY. We would like to have testimony in the justification of this.

Mr. LUFT. We are limited under the Federal Crop Insurance Act to not more than 100 new counties per year. For a number of years the program has been on an experimental basis. Until the last couple of years we have not undertaken much of an expansion program. However, in 1962 and 1963 we have expanded to the full extent permitted by the law. We are receiving numerous requests for additional counties. Therefore, we feel that it would be to the advantage of the farmers to increase from 100 to 150 counties.

Mr. ABERNETHY. Your prepared statement will be made a part of the record at this point.

(The prepared statement referred to follows:)

STATEMENT OF JOHN N. LUFT, MANAGER, FEDERAL CROP INSURANCE CORPORATION

Mr. Chairman and gentlemen of the committee: It is a pleasure for me to be here to discuss with you the proposed bill, S. 2859, to amend the Federal Crop Insurance Act to increase the maximum number of new counties in which crop insurance may be offered each year from 100 to 150.

The crop insurance program was begun in 1938 because of the farmers' need to cushion the economic impact when crop losses occur through no fault of their own, and because private interests would not enter this risky field.

Because of adverse experience during the early years of the program (1938-47), when it was on a national basis, Congress placed the program on a limited experimental basis in 1948 to gain experience and actuarial data. Under this experimental program, the maximum permissible expansion was limited to 100 new counties each year. However, expansion between 1953 and 1961 was limited to 43 additional counties.

The experience during the 14-year period from 1948 to 1961 shows premium income of \$262.5 million exceeding indemnities of \$246.5 million by about \$16

million. Also, our first estimate for the 1962 crop year indicates we will have a premium excess of about \$10 million. We feel that the past operating experience indicates that expansion of the crop insurance protection to more farmers can, and should be accelerated, and we are moving in that direction.

For the 1962 crop year, insurance was offered in 996 counties; 100 of these were new counties, the maximum permitted by existing law. Current plans for 1963 also provide for 100 new counties. If the limitation on new counties is increased from 100 to 150, we plan an adding crop insurance protection in 50 more counties for 1963, provided funds are available. For 1964, we would again propose that the program be expanded to 150 new counties instead of the 100 currently planned.

We have received numerous requests for crop insurance protection in new counties and could effectively utilize the proposed increase in the maximum number of new counties for the next several years. I, therefore, recommend that the proposed bill be passed.

If you have any questions, we would be glad to answer them for you.

Mr. ABERNETHY. You now have 100 counties under the program?

Mr. LUFT. Yes. We have gone into 100 new counties in 1962. We have also allocated 100 new counties for 1963.

Mr. ABERNETHY. Are these counties now paying their way?

Mr. LUFT. Are they paying their way?

Mr. ABERNETHY. Yes.

Mr. LUFT. Yes. We will operate, in 1962, barring any serious loss in the Corn Belt, at about a 0.60 loss ratio.

Mr. ABERNETHY. Does that include the cost of all personnel at the Washington level down to the local level?

Mr. LUFT. No. The administrative costs are appropriated funds.

Mr. ABERNETHY. That is over and above the present cost?

Mr. LUFT. Yes.

Mr. ABERNETHY. Actually, you are not paying for the cost of the program, then?

Mr. LUFT. No. We do, however, take, I believe it is \$3,830,000 out of the premium funds to pay the loss adjustment cost and a portion of operating and administrative expenses.

Mr. ABERNETHY. In other words the premiums are not paying for it?

Mr. LUFT. No.

Mr. ABERNETHY. Are there any further questions?

Mr. COAD. In regard to this premium pay schedule I was reading an item that appeared in the paper not long ago—I do not remember the exact figures, but it seems to me that the Federal Crop Insurance Corporation is collecting approximately twice the amount that it is paying back to the farmers. Is that correct?

Mr. LUFT. Since 1948, if I am correct, we have paid out 0.94 of the premiums collected. Am I correct?

Mr. SKEFFINGTON. That is correct. We paid back to the farmers, from 1948 through 1962, 94 percent of the premiums that they paid in. We have a surplus of premiums over indemnities of about \$16 million for that period of time. The total premiums from 1948 to 1961 were about \$262 million, and we have paid back everything except \$16 million of that to the farmers.

Mr. COAD. Of that amount, is the \$16 million held for a large disaster?

Mr. SKEFFINGTON. It is a surplus for future loss; yes.

Mr. COAD. That is all, thank you.

Mr. ABERNETHY. Mr. Hoeven?

Mr. HOEVEN. How do you determine the new counties to be included?

Mr. LUFT. We receive many requests from counties through farmers presenting petitions to the corporation or to our State directors, or to their Congressman asking for crop insurance in their county. We select them on the basis of insurable crops. We have to take into consideration the acreage and the feasibility of going into these counties from an administrative standpoint.

Mr. HOEVEN. Have you given any consideration or thought as to where you might select these additional 50 counties?

Mr. LUFT. We have. We have requests on hand at the present time. They will be pretty well scattered out over the entire agricultural area of the United States.

Mr. HOEVEN. Can you tell me whether any will be in the State of Iowa?

Mr. LUFT. I am sure that we have already allocated, in 1963, several new counties in the State of Iowa.

Mr. HOEVEN. I am glad to know that.

Mr. LUFT. We just recently, for your information, have had requests from Hawaii to go—to offer insurance over there.

Mr. ABERNETHY. Are there further questions?

Mr. Short?

Mr. SHORT. In table 3, on page three of the Senate report which accompanies this bill, in that table it appears to set out the income for the program beginning in 1938. And if I read it rightly, it indicates that there has been a deficit of \$190,714,653 during the life of the program. Is that correct, sir?

Mr. SKEFFINGTON. That is correct.

Mr. LUFT. The Crop Insurance Act was passed in 1938, if you will recall, and because of adverse experience during the early years of the program, that is, 1938 through 1947, when it was on a national basis at that time and really did not have any experience, it did not have any knowledge in underwriting, to base our rates and our coverages on, and in 1948 Congress placed the program on a limited experimental basis, to gain more experience and actuarial data. If you will look at the figures, after 1947 we have quite a different figure.

Mr. SHORT. Starting with the year 1948, I notice, in the last column, there seems to be some years in which a deficit was incurred.

Mr. LUFT. Those figures include administrative costs, so that would account for that. The administrative costs were figured in there and it would show a loss. That last column includes the administrative costs.

Mr. SHORT. Thank you.

Mr. ABERNETHY. What are your current annual administrative costs?

Mr. LUFT. What is it for 1962, \$7 million?

Mr. SKEFFINGTON. The 1962 authorization for administrative and operating expenses consisted of an appropriation of \$6,549,000, and authority to expend \$2,830,000 from premium income.

Mr. ABERNETHY. In other words, the administrative costs would be \$6 million plus \$2 million?

Mr. SKEFFINGTON. That is correct.

Mr. ABERNETHY. That is the total?

Mr. SKEFFINGTON. Yes.

- Mr. ABERNETHY. How much is that?
- Mr. SKEFFINGTON. About \$9 million.
- Mr. ABERNETHY. \$9,379,000?
- Mr. SKEFFINGTON. Yes.
- Mr. ABERNETHY. What is the gross annual premium income?
- Mr. SKEFFINGTON. In 1961 it was \$18,150,000. We estimate for 1962, it will be \$22,500,000.
- Mr. ABERNETHY. \$22,500,000?
- Mr. SKEFFINGTON. Yes.
- Mr. ABERNETHY. That is the premiums?
- Mr. SKEFFINGTON. Yes.
- Mr. ABERNETHY. What is the outgo, losses—what would that be?
- Mr. SKEFFINGTON. For 1961 it was \$15,990,000.
- Mr. ABERNETHY. What is your estimate for 1962?
- Mr. SKEFFINGTON. About \$12 million.
- Mr. ABERNETHY. About \$12 million?
- Mr. SKEFFINGTON. Yes.
- Mr. ABERNETHY. Then you will operate in the black?
- Mr. SKEFFINGTON. For 1962, that is correct.
- Mr. ABERNETHY. What was your loss in 1961?
- Mr. SKEFFINGTON. About \$6 million.
- Mr. ABERNETHY. What was it the year before—what did you do the year before?
- Mr. SKEFFINGTON. In 1960 it was about \$167,000.
- Mr. ABERNETHY. I see that now—I see the column.
- Mr. Heimbürger wants to ask a question.
- Mr. HEIMBURGER. What part of the cost is now being paid out of the premiums for insurance?
- Mr. SKEFFINGTON. The loss adjustment costs?
- Mr. HEIMBURGER. Yes.
- Mr. SKEFFINGTON. None of it is coming out of the premium income. We are applying the cost of the loss adjustment against the reserves; in other words, our premium rates are set so as to cover the indemnity and to establish a reserve.
- Mr. HEIMBURGER. Perhaps I used the wrong phrase. My understanding is that at the present time, at least part of your cost of adjustment is coming out of money which is paid in premiums for insurance, is that correct?
- Mr. SKEFFINGTON. Yes. The entire cost of the loss adjustment is being charged against the premium income. In addition to that the \$2,830,000 which I referred to earlier was authorized to be paid from premium income.
- Mr. HEIMBURGER. What kind of administrative work is this \$2,830,000 being used for?
- Mr. SKEFFINGTON. The regular operating and administrative expenses in Washington and in the field.
- Mr. HEIMBURGER. So that at the present time the operation of the program is paying all of the adjustment costs and part of the overall administrative costs? Is that correct?
- Mr. SKEFFINGTON. Yes.
- Mr. HEIMBURGER. Thank you.
- Mr. ABERNETHY. Are there further questions?
- Mr. Johnson?

Mr. JOHNSON of Wisconsin. What explanation have you for the big losses back in 1952 and 1953, et cetera?

Mr. LUFT. There was a heavy drought in the Wheat Belt—there were 3 successive years of that.

Mr. JOHNSON of Wisconsin. Thank you. That is all.

Mr. ABERNETHY. Mr. Dole?

Mr. DOLE. Mr. Chairman, how much additional administrative costs will there be in including the 50 counties? How much will that be in addition?

Mr. LUFT. It will not run too high, because we have our divisions set up. We will have to limit this expansion to our available funds. We might not be able in 1963 to go into all of the 50 counties because of a certain amount of actuarial experience. You understand that we sell insurance prior to the planting of the crop. We do not give the farmer the selectivity whereby he can sit out the bad years and carry insurance on that.

Mr. DOLE. You do not anticipate a great increase in personnel?

Mr. LUFT. No increase in personnel with the exception of the county level. We will have to employ maybe one person in a county. The rest of the work will be done with the people we now have. We have to stay within the funds available.

Mr. ABERNETHY. Yes.

Mr. DOLE. Thank you.

Mr. ABERNETHY. Are there further questions?

(No response.)

Mr. ABERNETHY. If not, thank you very much, Mr. Luft, and Mr. Skeffington.

(The following statement was also submitted to the committee:)

STATEMENT OF NATIONAL FARMERS UNION

Mr. Chairman and members of the committee, National Farmers Union wishes to express strong support for S. 2859 to amend the Federal Crop Insurance Act in order to increase the number of new counties in which crop insurance may be offered each year.

Farmers Union believes that improvements and expansion of this program should be continued until it is available to family farmers in every county in the United States for all crops.

Also, premium income paid by producers should be reserved to pay for losses and not used for administrative costs.

Mr. ABERNETHY. We will now go to the next bill.

(Whereupon, at 10:35 the committee proceeded to S. 3517.)

S. 3517

USE OF SECTION 32 FUNDS FOR LUMBER INDUSTRY
SEPTEMBER 12, 1962

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USE OF SECTION 32 FUNDS FOR LUMBER INDUSTRY

WEDNESDAY, SEPTEMBER 12, 1962

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

The committee met, pursuant to notice, at 10:35 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Thomas G. Abernethy presiding.

Present: Representatives Abernethy, Gathings, Hagen of California, Johnson of Wisconsin, Matthews, Coad, Breeding, Stubblefield, Purcell, Hoeven, Dague, McIntire, Teague of California, Short, Mrs. May, Dole, and Beermann.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel, and Francis LeMay, consultant.

Mr. ABERNETHY (presiding). The committee will now turn to S. 3517.

S. 3517, together with the report of the Senate, No. 1860, and the report from the Department of Agriculture dated September 10, 1962, will be made a part of the record at this point.

(S. 3517 and attached report follow:)

[S. 3517, 87th Cong., 2d sess.]

AN ACT To authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall transfer to the Secretary of Commerce each fiscal year, beginning with the fiscal year commencing July 1, 1962, from moneys made available to carry out the provisions of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 50 per centum of the gross receipts from duties collected under the customs laws on lumber (rough, dressed, and worked), flooring, and moldings and plywood, which shall be maintained in a separate fund and shall remain available for use by the Secretary of Commerce to establish and carry out a program for the purpose of promoting the flow of domestically produced lumber in foreign and domestic commerce, including (1) research and experimentation to develop and increase markets for such lumber, (2) such other experimentation and biological, technological, and other research as may promote such purpose, and (3) the distribution to the domestic lumber industry of the results of the research and experimentation carried out under such program.

SEC. 2. In carrying out the program established under the provisions of this Act, the Secretary of Commerce shall, as far as practicable, cooperate with other appropriate agencies of the Federal Government and with State and local government agencies, private agencies, organizations, and individuals, having jurisdiction over or an interest in the domestic lumber industry. The Secretary may appoint an advisory committee from such industry to advise him in the formulation of policy, rules, and regulations with respect to requests for assistance, and other matters under the provisions of this Act.

SEC. 3. In order to assist the program established under the provisions of this Act, any agency of the United States, or any corporation wholly owned by

the United States, may transfer, without reimbursement or transfer of funds, any equipment excess to its needs required by the Secretary of Commerce in carrying out such program.

SEC. 4. The Secretary of Commerce shall annually make a report to the Committee on Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives with respect to the use of the separate fund established under the provisions of the first section of this Act.

Passed the Senate August 23, 1962.

Attest:

FELTON M. JOHNSTON, *Secretary*.

[87th Cong., 2d sess., S. Rept. No. 1860]

PROMOTING DOMESTIC FOREST PRODUCTS

The Committee on Commerce, to whom was referred the bill (S. 3517) to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

I. PURPOSE OF LEGISLATION

The bill, S. 3517, is designed to promote the flow of domestically produced lumber—softwood and hardwood—including forest products, in commerce in the United States and abroad through research on lumber production and marketing. Fifty percent of the duties collected on imported forest products would be placed in a fund to be used by the Secretary of Commerce for these purposes. Estimates submitted to your committee by the Department of Commerce indicate that in 1961, a standard year, approximately \$7,350,000 would have been made available for this program pursuant to the terms of S. 3517.

II. BACKGROUND OF LEGISLATION

For the past several months your committee has been concerned with the steadily declining economic position of the domestic lumber industry. Extensive hearings have been held in Washington, D.C.; Olympia, Wash.; Portland, Ore.; and Lewiston, Idaho. Numerous meetings have taken place among members of your committee, other interested Senators, Members of the House of Representatives, State and local officials, industry representatives, and persons in the executive branch, including the President of the United States.

The conditions that have demanded widespread attention are, briefly, a decline in lumber-producing facilities (including complete closings of more than 200 sawmills in Oregon alone over the past 14 months) with a subsequent decline in employment, accompanied by a general economic malaise in those areas significantly dependent upon the lumber industry for economic well-being. The Pacific Northwest—Oregon, Washington, California, and Idaho—have been most affected, but there are also clear-cut indications of injury in other areas, particularly in the southern pine region.

Under normal conditions, the domestic lumber industry provides direct employment for about 3 million workers, making it the fourth largest American industry. Adding service and community-related jobs, the lumber industry is the basis for employment of approximately 10 million workers. At present, the decline of the lumber industry has caused 200,000 forest products workers to be out of jobs. And indications are that unless remedial steps are taken, the number will steadily increase, with disastrous impact on many hundreds of communities all over the Nation—particularly in the South, Intermountain West, Far West, and Alaska.

There are three main causes for the decline. One is a sluggish housing market, the major market for domestically produced lumber. Industry economists point out that a 15-percent increase in demand in any one year would be required to restore the lumber industry to 1959 levels, plus a reversal of the trend toward multifamily dwellings. Competent observers do not expect such a dramatic upturn in demand until 1966 at the earliest.

Up to now, the most severe impact has been in the tidewater areas of the Pacific Northwest where the Canadian share of waterborne shipment to the east coast has increased from 7 percent 10 years ago to well over 70 percent currently. As Senator Warren G. Magnuson, chairman of your committee, said in introducing S. 3517:

"Unless something can be done to offset certain restrictions in this country, the west coast—Washington, Oregon, California—production of softwood lumber for shipments to the Atlantic coast will disappear entirely. When this occurs in many lumber communities of the West the relationship of lumber production to the community will parallel what has happened to the depressed coal mining areas of West Virginia."

Most of the causes of this development relate to Government policies by which Canada promotes, far more than the United States, vigorous competition based on equality of conditions. The major areas of policy difference concern: (1) Forest management, including determination of allowable cut, rotation age, marketing of full allowable cut, road requirements, method of bidding, and scaling; (2) a depreciated Canadian dollar at 92.5 cents which gives the Canadian producer a 7.5-cent price advantage from the start; (3) the restriction against the use of foreign ships in the domestic intercoastal trade which gives Canada an average of \$8.50 per thousand board feet transportation cost advantage for waterborne shipments.

All of these factors are detailed vividly in the record developed by your committee in its hearings. Steps have been taken to revise some of our national policies to allow the lumber industry to compete on an equal basis; others are in process of being adopted. The Forest Service is conscientiously examining its management of the Nation's forests and has already made certain changes to meet many of the valid criticisms made by the industry. Your committee has reported favorably an original bill to permit the use of foreign vessels for shipping lumber when severe hardship conditions exist. In addition, the President has announced the initiation of negotiations with Canada concerning the level of Canadian imports into the United States; the establishment of a preference for American products in the purchase of lumber by the Department of Defense, the General Services Administration, and other Federal departments and agencies; and increased attention to loan applications filed by lumber mills with the Small Business Administration and the Area Redevelopment Administration. Moreover, the lumber industry has petitioned the Tariff Commission for relief. In short, significant progress has been made.

III. NEED FOR LEGISLATION

However, the third major cause of the lumber industry's difficulties is something that cannot be remedied quickly; it is a long-term problem and relates to the replacement of lumber by other building materials and the development of new markets for lumber, both in terms of new products and new marketing areas, particularly abroad.

Also involved is the subsidiary but vital question of the advisability of using lumber-substitute materials of high strategic value and thus important to national security in increasing amounts in lieu of lumber. Wood is one of our most valuable natural resources; sustained-yield management appears to have made possible an inexhaustible supply in our national forests.

Aside from domestic considerations, it is clear that the international market will be of increasing importance in the future. No industry can wisely ignore the prosperous markets of Europe and other industrialized nations. No industry can wisely ignore the prospective markets in the developing nations as they strive for higher standards of living. Thus, the domestic lumber industry must vigorously seek to expand its international scope, as well as to recoup its position in the domestic market. If it is not in a position to compete abroad, it will likely experience increased problems in competing at home.

Considering all the facts involved, valuing domestic economic stability and prosperity and the responsibilities for developing a more comprehensive and intensive international trade program for the United States, the Government cannot ignore an industry of such size and importance. In keeping with our general and longstanding policy of promotion of business, some concrete assistance must be given similar to that offered other industries. The most pertinent precedent for this bill—and from which it is adopted—is the Kennedy-Saltonstall Act. This law was enacted when the fishing industry underwent a similar economic

decline. Largely as a result of the application of Kennedy-Saltonstall funds to the major problems of the fishing industry, the industry was able to regain some of its lost ground.

The lumber industry itself is annually expending considerable funds to develop new products, promote lumber and expand markets. It must be admitted, however, that these expenditures do not compare favorably with those of some other industries. For example, aluminum spends an estimated 4 cents out of each revenue dollar on market development; the lumber industry spends only 0.4 cent on promotion. The lumber industry has made only limited efforts to gain access to foreign markets.

While recognizing the proper role Government must play in maintaining sound economic conditions and prosperity and full employment throughout the Nation, particularly in this difficult transitional period, industry must not shirk its responsibilities. Under our economic system, the main load must be carried by the private interest affected. Your committee strongly believes that if the research and development program is to be a success, the industry itself must do far more than at present. The program authorized by this bill, limited by the relatively small amount of money available, should provide an impetus to the industry's own efforts and by coordinating programs cause a more efficient use of total resources. The result would be a material contribution to economic prosperity within the lumber industry and the lumber-producing areas.

IV. SECTION-BY-SECTION ANALYSIS

A. Section 1

Section 1 would provide for the transferral by the Secretary of Agriculture to the Secretary of Commerce of an amount equal to 50 percent of the gross receipts from the duties collected on lumber, flooring, moldings, and plywood. The money would come from the funds made available to carry out the provisions of section 32 of the act of August 24, 1935 (7 U.S.C. 612c). This law provides that an amount equal to 30 percent of the gross receipts from all duties shall be placed in a separate fund and used by the Secretary of Agriculture to encourage exportation of agricultural products and commodities and to encourage the domestic consumption of agricultural products and commodities.

The separate fund to be administered by the Secretary of Commerce is to be used to establish and carry out a program to promote the flow of domestically produced lumber in foreign and domestic commerce, including "(1) research and experimentation to develop and increase markets for such lumber, (2) such other experimentation and biological, technological, and other research as may promote such purposes, and (3) the distribution to the domestic lumber industry of the results of the research and experimentation carried out under such program."

B. Section 2

Section 2 would require cooperation with other Federal agencies, State and local governments, and private organizations and individuals with an interest in the lumber industry. There is, for example, a forest research program underway in the Department of Agriculture which should, for optimum results, be coordinated with the efforts stimulated by S. 3517. The Secretary would be authorized to appoint an industry advisory committee to advise him in forming policy, rules and regulations with respect to the administration of this law.

C. Section 3

Section 3 would allow any agency of the United States to transfer without reimbursement any excess equipment required by the Secretary of Commerce in administering this program.

D. Section 4

Section 4 would require the Secretary to report annually to the Committee on Commerce of the Senate and to the Committee on Interstate and Foreign Commerce of the House with respect to the use of the fund established by this legislation.

CHANGES IN EXISTING LAW

There are no changes in existing law.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 10, 1962.

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

DEAR CONGRESSMAN COOLEY: This is in reply to your request of July 20, 1962, for our views and comments on H.R. 12474, a bill to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce.

We are in sympathy with the objectives of this bill but recommend that it not be enacted.

The bill proposes that the Secretary of Agriculture transfer to the Secretary of Commerce each fiscal year, beginning with fiscal year 1963, an amount equal to 30 percent of the customs receipts collected on lumber (rough, dressed, and worked) flooring, moldings, and plywood. These transfers would be made from moneys appropriated to the Secretary of Agriculture to carry out the provisions of section 32 of the act of August 24, 1935 (7 U.S.C. 612c).

These transferred funds would be maintained in a separate fund and remain available for use by the Secretary of Commerce for establishing and carrying out a program of research and experimentation to develop and increase foreign and domestic markets for lumber. In calendar year 1961, 30 percent of the customs receipts on the specified timber products amounted to approximately \$4.7 million.

We agree that accelerated research aimed at developing and increasing the utilization and marketing of lumber is highly desirable. Research expenditures by the lumber industry, the Forest Service (an agency of this Department), universities, and other research agencies conducting research on lumber and wood products have lagged far behind expenditures for research on the processing and marketing of competitive materials. In fiscal year 1962 research by the Forest Service in the field of forest products utilization and marketing, covering both lumber and other wood products, amounted to about \$5 million. This included research at the Forest Products Laboratory at Madison, Wis., and at the several regional forest experiment stations of the Forest Service.

In its research program, the Forest Service works closely with the lumber industry through such means as advisory committees and consultation with industry representatives, as well as with other research agencies.

Complete information is not available on the entire forest products research expenditures, but it is estimated that expenditures for research on lumber problems by industry have amounted to about \$8 million annually in recent years. Expenditures by other research agencies, including universities, for research on forest products and marketing, including research on problems of the lumber industry, are estimated to amount to somewhat less than \$2 million annually.

In view of the small size of firms and the widely dispersed character of the lumber industry, we believe a major public research effort related to the processing and marketing problems of the industry is desirable and justified.

We seriously question, however, the assignment of responsibility for this research and development work to the Department of Commerce, since the Department of Agriculture is already carrying on a sizable program in this general area. We believe that increased Federal research on utilization and marketing problems of the lumber industry could best be carried out by strengthening the going programs that are now underway in this Department.

Further, we are not in favor of the method proposed in H.R. 12474 for financing this work. In the Department of Agriculture, research activities are financed from direct appropriations. Section 32 appropriations are not being used for research work on agricultural commodities. Therefore, we believe that this research program should be financed by direct appropriations instead of by transfers from section 32 appropriations.

By following this procedure, funds appropriated to the Secretary of Agriculture by section 32 will remain available for the original purposes of the section 32 appropriations "to encourage the exportation of agricultural commodities * * * encourage the domestic consumption of such commodities * * * and reestablish farmers' purchasing power * * *." The Congress, in enacting the section 32 legislation, apparently intended to provide the Department of Agriculture authority and funds to carry on a flexible program of removing

surpluses—either physical or economic—principally of certain perishable agricultural commodities. The law limits the amount that can be used for any one agricultural commodity to 25 percent of the funds appropriated by section 32. Additional earmarking by statute of section 32 funds for other purposes could seriously hamper the usefulness and administration of these 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.

Mr. ABERNETHY. Is there anyone here to testify from the Department?

Mr. HOLMAAS. I am here.

Mr. ABERNETHY. We will be glad to hear from you.

STATEMENT OF ARTHUR J. HOLMAAS, DIRECTOR, BUDGET AND FINANCE DIVISION, AGRICULTURAL MARKETING SERVICE; ACCOMPANIED BY DR. H. R. JOSEPHSON, DIRECTOR, DIVISION OF FOREST ECONOMICS AND MARKETING RESEARCH; AND JAMES J. BYRNE, DIRECTOR, DIVISION OF FOREST PRODUCTS AND ENGINEERING RESEARCH, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HOLMAAS. Mr. Chairman and members of the committee, my name is Arthur J. Holmaas, Director, Budget and Finance Division of the Agricultural Marketing Service.

I have with me, Dr. H. R. Josephson, Director, Division of Forest Economics and Marketing Research, and Mr. James J. Byrne, Director, Division of Forest Products and Engineering Research, both of the Forest Service. We are here as representatives of the Department of Agriculture.

We are glad to have this opportunity to present to this committee the Department's views and comments on S. 3517. H.R. 12474 is a similar bill on which the Department has made a report to this committee.

These bills would transfer some section 32 funds from the Department of Agriculture to the Department of Commerce to finance a program of research for lumber.

As this committee knows, section 32 of the Agricultural Adjustment Act of August 24, 1935, appropriates annually to the Secretary of Agriculture, an amount of funds for the purpose of encouraging the exportation and domestic consumption of agricultural commodities. This appropriation appears in the budget under the title "Removal of Surplus Agricultural Commodities." The statute provides that this appropriation shall be in an amount equal to 30 percent of the gross customs receipts of the previous calendar year.

The principal programs carried out under the provisions of section 32 include:

1. Use of indemnity payments to encourage increased exports of agricultural commodities;
2. Use of benefit payments to encourage diversion of agricultural commodities from normal channels of trade; and
3. Direct purchases of price depressing surplus agricultural commodities and their distribution to school lunches, eligible institutions, and needy families.

S. 3517 proposes, in effect, that the funds available for these agricultural programs be reduced by requiring that the Secretary of Agriculture transfer to the Secretary of Commerce, each fiscal year, an amount equal to 50 percent of the customs receipts on lumber, flooring, molding, and plywood. It is our understanding that, based upon the customs receipts for the calendar year 1961, this would amount to nearly \$8 million for the current fiscal year.

Under the bill, the Secretary of Commerce would use these funds to finance a program of research to develop and increase markets for lumber, including both marketing research and biological, technical, or other research as may promote the purposes of the proposed bill.

The Department of Agriculture is in sympathy with the objective of accelerating research aimed at developing and increasing the utilization and marketing of lumber.

Research expenditures on lumber and wood products by the lumber industry, the Forest Service of the Department of Agriculture, schools of forestry, and other research agencies have lagged far behind expenditures for research on the processing and marketing of competitive materials.

That part of the Forest Service research program relating to forest products utilization and marketing, for example, amounted to about \$5 million during the past fiscal year. This research activity included the comprehensive program of utilization research on the manufacture and use of lumber, plywood, and other forest products conducted at the Forest Products Laboratory at Madison, Wis., and the marketing, utilization, and engineering research programs conducted at the 10 regional forest experiment stations of the Forest Service. These programs involve a wide variety of studies designed to develop new products and new uses for wood, improve the performance of lumber and other products for various purposes, develop more efficient logging, processing, and marketing methods and facilities to increase the competitive strength of the timber industries, and related studies to determine means of expanding markets for lumber and other wood products.

Expenditures for research on lumber problems by the forest industries have been estimated at about \$8 million annually in recent years. Universities and other research agencies have been spending somewhat less than \$2 million annually for research on the utilization and marketing of lumber and other forest products.

In view of the small size of firms in the lumber industry, and the widely dispersed character of this industry, we believe that a major public research effort on lumber processing and marketing problems is both desirable and justified. A substantial program of timber utilization and marketing research in the Forest Service of this Department, as well as in the industry itself and in other research agencies, is needed to help meet the serious problems currently faced by the lumber manufacturing sector of the forest industries.

We believe, however, that such research should be financed by appropriations made directly for specific research programs. We particularly question the desirability of reducing section 32 programs by transfers of funds as proposed by this bill.

Incidentally, in the Department of Agriculture, research activities are financed from direct appropriations, including the research to further the marketing of agricultural commodities.

We believe the funds appropriated to the Secretary of Agriculture by section 32 should remain available for the original purposes of section 32. In enacting section 32, the Congress apparently intended to provide the Department of Agriculture with authority and funds to carry on flexible programs for dealing with agricultural surpluses, principally of perishable agricultural commodities. There is continued need for these programs and for section 32 funds to carry them out.

As reflected in the Department's reports on S. 3517 and H.R. 12474, we recommend that these bills not be enacted and that funds for the research activities contemplated in these bills be provided through a direct appropriation process.

The representatives of the Forest Service, who are with me, and I will be glad to respond to questions that the committee may have.

Mr. ABERNETHY. Did you testify before the Senate committee?

Mr. HOLMAAS. No; I did not.

Mr. ABERNETHY. Was there any testimony offered from the Department?

Mr. HOLMAAS. So far as I know there was no testimony other than a written report submitted by the Department on September 10 which was after the Senate passed the bill.

Mr. ABERNETHY. I see. Off the record.

(Discussion off the record.)

Mr. ABERNETHY. Who authored these?

Mr. HOLMAAS. S. 3517 was introduced by Senator Magnuson and H.R. 12475 by Mr. Miller, of the House—Congressman Clem Miller.

Mr. ABERNETHY. Are there any questions by members of the committee?

Mr. JOHNSON of Wisconsin. Why cannot this work be done through the Forest Service—why does this money have to go to the Department of Commerce?

Dr. JOSEPHSON. As Mr. Holmaas has brought out, the Forest Service conducts a broad program of forestry research through the Forest Products Laboratory and 10 Regional Forest Experiment Stations. Practically all of the research that is underway is of some direct or indirect assistance to the lumber industry and other timber industries.

We have over the years developed an organization with considerable research skill, we believe. We are working on many forestry problems. In our view one way to accomplish this proposed research would be to expand the going programs of the Forest Service in the Department of Agriculture.

Mr. JOHNSON of Wisconsin. Why does this have to go to Commerce—what department is there over there that can do this research?

As I understand this proposition, it takes section 32 funds and transfers them to the Department of Commerce. Are they going to set up a new department, or do they have a department to do this research work?

Dr. JOSEPHSON. That question would have to be answered by the Department of Commerce.

Mr. JOHNSON of Wisconsin. Do you know what division in the Department or section in the Department is going to do this?

Dr. JOSEPHSON. I would assume that the Business and Defense Services Administration, which has a Forest Products Branch, would probably administer this program, but I do not know.

Mr. McINTIRE. What functions are now being used by that branch in the Department of Commerce in the field of forestry service?

Dr. JOSEPHSON. As I understand the work of the Business and Defense Services Administration, they are responsible for preparing plans for industrial and economic mobilization for use in case of emergency. That is the defense part of the work.

They also, as part of their services to industry, prepare many statements and provide a great deal of information to the members of the industry and to the public.

We are not familiar with work that we would call detailed research studies, but they do a great deal of work in the service category.

Mr. McINTIRE. Particularly, as to statistics in relation to the commerce side?

Dr. JOSEPHSON. BDSA does compile and issue all sorts of statistics that are secured from the Census Bureau, the Bureau of Labor Statistics, and other agencies.

Mr. McINTIRE. Thank you.

Mr. SHORT. When this was in the Senate, who testified in favor of this bill—did the Department of Commerce testify in favor of this bill when it was before the Senate?

Dr. JOSEPHSON. It is our understanding that there were no hearings held in the Senate. They did not have a report of the Department of Agriculture at the time the bill passed the Senate.

Mr. SHORT. You mean that they passed the bill without hearings?

Mr. McINTIRE. Will you yield?

Mr. SHORT. Yes.

Mr. McINTIRE. I think it is interesting to note that the report of the Senate carries no departmental comment.

Mr. SHORT. Or from the Department of Commerce?

Mr. McINTIRE. From any department in that connection.

Mr. SHORT. When did it pass the Senate?

Mr. HOLMAAS. I do not recall the exact date in August that it passed. The report of the Senate committee was ordered to be printed on August 8, 1962.

Dr. JOSEPHSON. The Department of Agriculture report was sent up this week on September 10.

Mr. SHORT. I am sorry, I confused the date. This Senate bill passed the Senate in August?

Mrs. GALLAGHER. It passed the Senate on August 23.

Mr. SHORT. Without any hearings being held on the subject?

Mr. HOLMAAS. That is our understanding.

Mr. SHORT. Thank you.

Mr. ABERNETHY. Are there any further questions?

Are there any other witnesses in the room to testify on this bill? If not, we will now pass to S. 3120.

(Whereupon, the committee proceeded to S. 3120.)

The first part of the report deals with the general situation of the country and the progress of the work during the year. It is followed by a detailed account of the various projects and the results achieved.

The second part of the report is devoted to a description of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The third part of the report is devoted to a description of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

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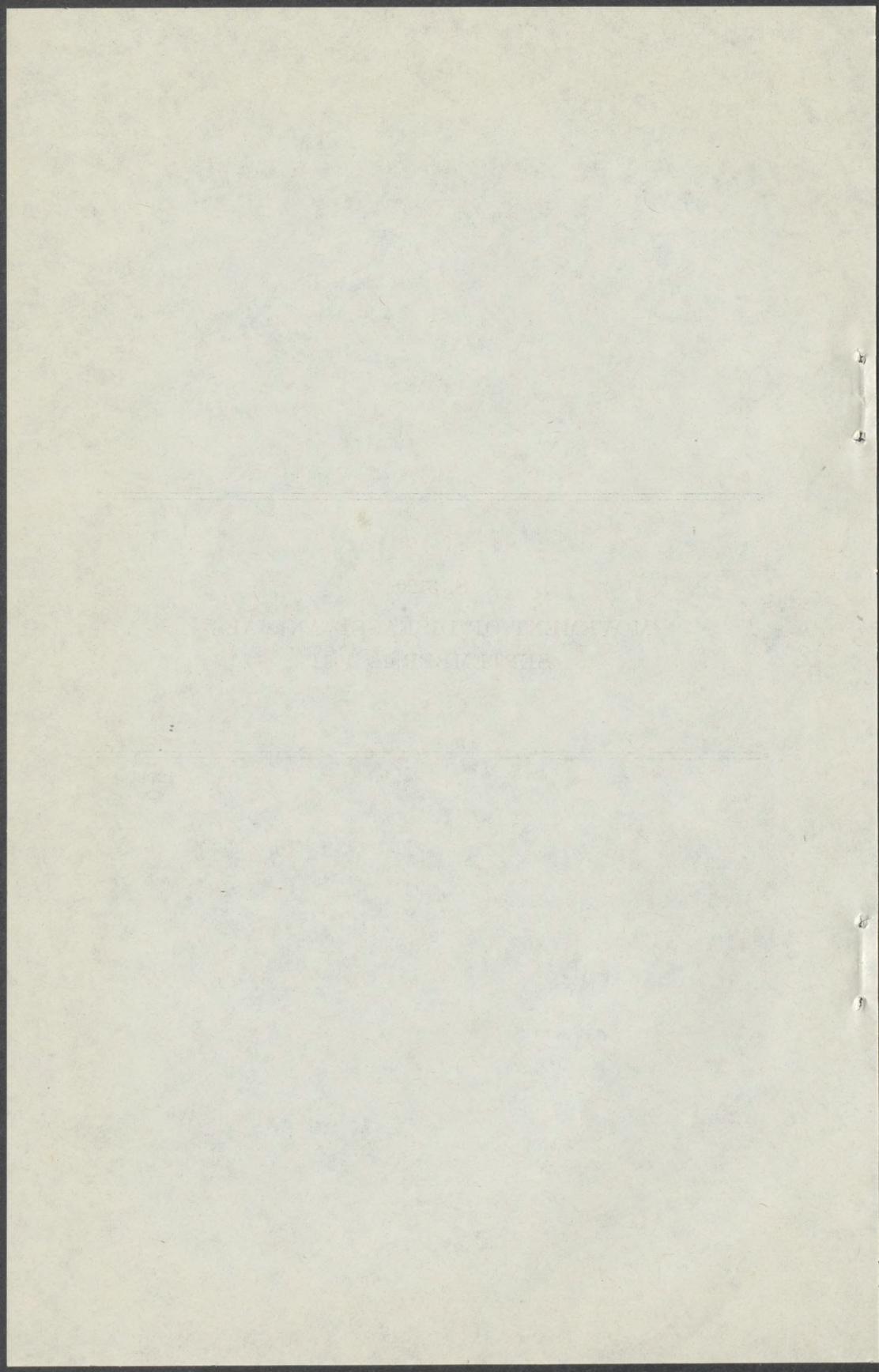
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S. 3120

MOVEMENT OF DISEASED ANIMALS
SEPTEMBER 12, 1962



MOVEMENT OF DISEASED ANIMALS

WEDNESDAY, SEPTEMBER 12, 1962

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

The committee met, pursuant to notice, at 10:50 a.m., in room 1310, New House Office Building, Hon. Thomas G. Abernethy presiding.

Present: Representatives Abernethy, Gathings, Hagen of California, Johnson of Wisconsin, Matthews, Coad, Breeding, Stubblefield, Hoeven, Dague, McIntire, Teague of California, Short, Mrs. May, Dole, and Beermann.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; and Francis LeMay, consultant.

Mr. ABERNETHY. We will now consider S. 3120 which relates to the movement of diseased animals.

It, together with the Senate report will be made a part of the record at this point.

(S. 3120 and Senate report 1615 follows:)

[S. 3120, 87th Cong., 2d sess.]

AN ACT To amend section 6 of the Act of May 29, 1884

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of May 29, 1884 (23 Stat. 32), as amended (21 U.S.C. 115), is further amended by changing the period at the end of such section to a colon and inserting immediately thereafter the following: "Provided, That such livestock or poultry may be so delivered and received for such transportation and so transported and moved if the Secretary of Agriculture determines that such action will not endanger the livestock or poultry of the United States and authorizes such action, and such delivery, receipt, transportation, and movement are made in strict compliance with such rules and regulations as the Secretary of Agriculture may prescribe to protect the livestock and poultry of the United States."

Passed the Senate June 23, 1962.

Attest:

FELTON M. JOHNSTON, *Secretary.*

Calendar No. 1575

[87th Cong., 2d sess., S. Rept. 1615]

MOVEMENT OF DISEASED ANIMALS

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3120), to amend section 6 of the act of May 29, 1884, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would permit the interstate movement under adequate safeguards of livestock and poultry affected with a communicable disease, if the Secretary of Agriculture determines such action will not endanger the livestock or poultry of the United States. Such action is now prohibited, except for certain diseases.

The Department of Agriculture, in requesting this legislation, states that interstate movement is essential to an eradication program; tends to reduce slaughter indemnities as a result of the better salvage values resulting from wider slaughter markets; and allows for the movement of diseased animals to market instead of holding them at stockyards or elsewhere where they may expose other animals and disrupt normal marketing.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 28, 1962.

HON. LYNDON B. JOHNSON,
The President of the Senate,
U.S. Senate.

DEAR MR. PRESIDENT: There is transmitted herewith, for the consideration of the Congress, a draft bill to amend section 6 of the act of May 29, 1884.

The purpose of the proposed legislation is to grant to the Secretary of Agriculture authority to provide for the interstate movement of certain diseased livestock and poultry, which are now prohibited movement under section 6 of the 1884 law (21 U.S.C. 115), when he finds that such action will not endanger the livestock or poultry of the United States.

The 1884 act contains certain prohibitions against the delivery and receipt for interstate movement and against the interstate movement of livestock and poultry known to be affected with a communicable disease. However, certain exceptions to these prohibitions have been made in the interest of the livestock industry in the case of brucellosis, tuberculosis, and paratuberculosis reactors. These exceptions were made in specific statutory provisions enacted by the Congress. Such exceptions should be extended to cover the interstate movement of livestock and poultry affected with other diseases when it is determined that such movement would not endanger the health of livestock or poultry of the country.

Experience under current eradication programs, such as the brucellosis program, has shown that such diseased animals may be moved interstate for slaughter purposes under prescribed conditions with safety, and that the interstate movement of many such animals for slaughter is essential to the success of an eradication program.

The prohibition on interstate movement of diseased animals in some instances substantially restricts the market, thus materially reducing the salvage value of the animals. Such decrease in value often necessitates higher indemnities by the Federal and State Governments in connection with disease eradication programs. The proposed legislation would widen the range for the marketing of such animals, thereby making it possible for the Federal and State Governments and the owner of the animals to benefit from higher market prices.

Animals sometimes become affected with certain minor diseases of such a nature that the animals could be moved interstate under appropriate safeguards without endangering the livestock or poultry of the country. When animals in transit become infected with such minor diseases, it is better practice from a veterinary standpoint to permit them to continue to move interstate for specific purposes, such as slaughter, under proper conditions, than to stop them in transit at a point, such as a public stockyard, where they may expose numerous other animals and disrupt the orderly flow of livestock or poultry in the marketing channels.

Enactment of the proposed legislation would not require additional appropriations.

A similar letter is being sent to the Speaker of the House of Representatives.

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,

(Signed) ORVILLE L. FREEMAN, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is

enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

ACT OF MAY 29, 1884 (21 U.S.C. 115)

* * * * *

SEC. 6. No railroad company within the United States, or the owners or masters of any steam or sailing or other vessel or boat, shall receive for transportation or transport from one State or Territory to another, or from any State into the District of Columbia, or from the District into any State, any livestock and/or live poultry affected with any contagious, infectious, or communicable disease, and especially the disease known as pleuropneumonia; nor shall any person, company, or corporation deliver for such transportation to any railroad company or master or owner of any boat or vessel, any livestock and/or live poultry, knowing them to be affected with any contagious, infectious, or communicable disease; nor shall any person, company, or corporation drive on foot, or transport in private conveyance from one State or Territory to another, or from any State into the District of Columbia, or from the District into any State, any livestock and/or live poultry, knowing them to be affected with any contagious, infectious, or communicable disease, and especially the disease known as pleuropneumonia: *Provided, That such livestock or poultry may be so delivered and received for such transportation and so transported and moved if the Secretary of Agriculture determines that such action will not endanger the livestock or poultry of the United States and authorizes such action, and such delivery, receipt, transportation, and movement are made in strict compliance with such rules and regulations as the Secretary of Agriculture may prescribe to protect the livestock and poultry of the United States.*

MR. ABERNETHY. We have with us from the Department Dr. Anderson and Dr. Saulmon. We will be glad to hear from you, Dr. Anderson.

STATEMENT OF DR. R. J. ANDERSON, ASSISTANT ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE, ACCOMPANIED BY DR. E. E. SAULMON, ASSOCIATE DIRECTOR, ANIMAL DISEASE ERADICATION DIVISION, AGRICULTURAL RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE

DR. ANDERSON. I am R. J. Anderson, Assistant Administrator for Agricultural Research Service in the Department of Agriculture, and I have with me Dr. E. E. Saulmon, Associate Director of the Animal Disease Eradication Division of the Agricultural Research Service of the Department of Agriculture.

We are pleased to receive an invitation from this committee to present a statement regarding S. 312 concerning the interstate movement of diseased livestock and poultry.

The 1884 act contains certain prohibitions against the interstate movement of livestock and poultry known to be affected with a communicable disease. However, certain exceptions to these prohibitions have been made in the interest of the livestock industry in the case of

brucellosis, tuberculosis, and paratuberculosis reactors. These exceptions are made in specific statutory provisions enacted by the Congress. It is our opinion that similar exceptions should be made regarding the interstate movement of animals or poultry affected with other diseases when their movement is carefully controlled and supervised and, therefore, would not endanger the health of livestock or poultry of the country.

The granting of these exceptions will also facilitate the disposition of livestock that become afflicted with certain minor diseases in channels of trade. They will provide owners with more favorable marketing conditions; reduce marketing costs; expedite movement of such animals through marketing facilities; and reduce transportation problems. In addition, the reporting of animal diseases and subsequent actions to prevent their spread will be strengthened.

It is the Department's opinion that under appropriate safeguards diseased livestock and poultry can be moved in interstate channels of trade for specific purposes, such as slaughter, without danger to the health of livestock and poultry in the United States.

We believe that considerable benefit will accrue to the livestock industry, and to the consumer of livestock products, and the eradication of diseases of livestock and poultry will be facilitated through the enactment of this legislation. In addition, it would not require further appropriations.

Mr. Chairman, my colleague, Dr. Saulmon, and I will be pleased to answer any questions which you may have.

Mr. ABERNETHY. What requires this authority?

Dr. ANDERSON. Briefly, there are two cases, or two problems, confronting us. One is in the case of certain livestock diseases in which the animals recover from the disease, that is, they show no apparent symptoms, but continue to remain carriers of the disease for varying periods of time. During the period of time that they are carriers, they are considered diseased and not authorized to be moved interstate under existing authority. To be specific, in the case of anaplasmosis—

Mr. ABERNETHY. What is that?

Dr. ANDERSON. Anaplasmosis.

Mr. ABERNETHY. That sounds terrible. [Laughter.]

Mr. JOHNSON of Wisconsin. What is it in layman language?

Dr. ANDERSON. Anaplasmosis is a blood parasitic disease of cattle. It is similar to malaria in humans.

Animals that recover from the infection remain carriers for long periods of time. When they are determined to be carriers through tests, they are considered diseased and cannot be moved interstate. This greatly hampers the marketing of these animals, limiting the eradication of the disease, where the owner would like to dispose of the animals for immediate slaughter.

We believe that with the experience we have gained from the brucellosis eradication program, diseased animals may be moved interstate under fixed conditions without endangering the health, that is, the human health or the livestock health, of this country.

Another problem we are faced with is where livestock in the channels of trade becomes infected with certain minor diseases, such as sore mouth of sheep, hemorrhagic septicemia and pinkeye (infectious

keratitis) of cattle, or atrophic rhinitis of swine. Under existing authority they cannot move interstate. Where large numbers are found in stockyards and cannot move interstate, it depresses the market to the point that the owners suffer a considerable loss in price return for their livestock whereas we believe such animals could be moved interstate under strict safeguards to feed lots where they would be isolated from other animals and held until fully recovered and moved onto market without a great loss.

Mr. HOEVEN. What would be the purpose of transporting an animal that was a carrier of the disease?

Dr. ANDERSON. What would be the purpose?

Mr. HOEVEN. What would be the purpose of transporting the diseased animal?

Dr. ANDERSON. For example, at this time of year we find a considerable number of sheep affected with sore mouth in the channels of trade, for example at the Denver stockyards. The buyers would like to purchase these animals and move them interstate to feed lots where they would recover shortly, fatten them out, and move then on to market. Under our existing authority he would not be permitted to move them interstate. They would either remain in the market until recovered or they would have to be moved out locally into the State where the market was located. Such restriction depresses the market. Frequently there would be unintentional violation of the act by moving the affected livestock interstate other than through regular channels of trade. That in itself would contribute to the spread of the disease, whereas if the movement were controlled, there would be no chance of spreading it.

Mr. HOEVEN. Would such animal be quarantined or isolated?

Dr. ANDERSON. Yes, sir, isolated and/or quarantined.

Mr. HOEVEN. At the point of delivery?

Dr. ANDERSON. Well, they would be identified at the point of origin and handled separately and apart from other animals and isolated until fully recovered at the point of destination. We propose to work with the various States in developing these safeguards, and the movement into those States will be with the knowledge of the livestock sanitary officials of States of destination.

Mr. HOEVEN. Have you contacted the livestock industry about this?

Dr. ANDERSON. Yes, sir. We have discussed this at various livestock association meetings.

We have, also, discussed it with the various State livestock sanitary officials. The industry is, certainly, in sympathy with this request and so are all of the livestock sanitary officials.

Mr. HOEVEN. Have they raised any objection?

Dr. ANDERSON. No, sir.

Mr. ABERNETHY. Did this bill come from the Department or did it originate elsewhere?

Dr. ANDERSON. It came up from the Department. I believe Senator Ellender introduced it into the Senate.

Mr. ABERNETHY. It came up by an official communication?

Dr. ANDERSON. Yes, sir.

Mr. MCINTIRE. Just for the record I am assuming that we are not talking about any animal carrying a disease which requires destruction? We are talking here about those where there would be permis-

sion granted to move them for slaughter later or for some other disposition. We are not talking about any diseases which are so communicable that they could be spread to other places?

Dr. ANDERSON. No. That is right.

Mr. McINTIRE. Thank you.

Mr. BEERMANN. Would it be a violation if cattle shipped from the range to the feedlot had shipping fever?

Dr. ANDERSON. Under a true interpretation of the law it would be a violation. If the owner or the shipper knowingly moved these animals, knowing that they were infected with this contagious, infectious disease, across the State line, it would be. That is right.

Mr. BEERMANN. Would this legislation provide for that problem and give them medication?

Dr. ANDERSON. This would permit special handling of them in that way.

Mr. SHORT. May I ask this question to clarify something that we are attempting to do here? Is this bill directed to extending the present authority for moving infected cattle, such as applies to brucellosis-infected cattle or other livestock, and other diseases of somewhat similar nature that are not necessarily harmful to human beings and not transmittable under certain conditions to other animals. Is that what you are contemplating?

Dr. ANDERSON. Yes, sir.

Mr. SHORT. I wish, Mr. Chairman, in the event that we pass this bill that we might have some statements for the record. It would be more meaningful if we had statements from some of the livestock organizations and some of the State sanitary officials. I personally do not think I can see anything wrong, but this is a rather comprehensive bill.

Mr. ABERNETHY. Did the Senate have such representatives before it?

Dr. ANDERSON. I do not believe they held hearings on this bill.

Mr. SHORT. Is this becoming the policy over in the Senate to pass bills without hearings?

Mr. ABERNETHY. Let us go off the record.

(Discussion off the record.)

Mr. ABERNETHY. We will now proceed on the record. Are there any further questions?

Mr. McINTIRE. In connection with Mr. Short's request would there be such communications available in the Department that could be made a part of this record?

Dr. ANDERSON. I believe that we would have to submit a request for such correspondence, Mr. McIntire.

Mr. McINTIRE. Thank you.

Mr. BEERMANN. Mr. Chairman, our State veterinary associations may have some views and they should have time to consider this legislation.

Mr. ABERNETHY. This did originate back in some area of the country among the people—or did it originate in the Department?

Dr. ANDERSON. It came about as a result of a kind of buildup over the years from all parts of the country, from Minnesota, from Colorado, Kansas, Mississippi—many of the States. In Mississippi it was with regard to anaplasmosis; in Minnesota and North Dakota,

atrophic rhinitis; in Colorado and the sheep-raising area of the West, sore mouth of the sheep—practically every section of the country has some minor disease that affects the industry—when affected livestock cannot be moved interstate under control.

Mr. ABERNETHY. Have you been counseling with any of these people about this matter?

Dr. ANDERSON. Yes.

Mr. ABERNETHY. Have you communicated with them and otherwise done so in person?

Dr. ANDERSON. I do not recall any communications, but we have personally with members of the industry. Dr. Saulmon and his people in the Animal Disease Eradication Division and I have, personally, at the American Cattlemen's Associations meetings, at the various livestock sanitary association meetings, the National Wool Growers Association meetings, and other similar meetings.

Mr. ABERNETHY. Have they had resolutions on this that you know of?

Dr. SAULMON. I do not recall any specific resolutions. However, in conversation with the executive secretary of the American Cattlemen's Association they expressed interest in relation to the movement of anaplasmosis reactor cattle, which this bill covers. They were in favor of the passing of the bill. Some interest was shown in Mississippi.

Mr. ABERNETHY. I did not know that we had any anaplasmosis down there.

Dr. SAULMON. They have had tremendous losses in the delta region of Mississippi because of anaplasmosis.

With the development of the diagnostic tests the owners have gone in and attempted to clean out the carrier animals from their herds. Although these animals have recovered, they are still capable of transmitting the disease to susceptible animals.

The reacting animals are not by present statute allowed to move interstate.

Mr. ABERNETHY. Do you think they should?

Dr. SAULMON. Yes, sir; under proper controls.

Mr. ABERNETHY. What are proper controls?

Dr. SAULMON. In the case of the anaplasmosis reactors, they could be handled so that they will not transmit the disease to other animals and can go to market for immediate slaughter. It will increase the market for the owner of those animals.

Mr. ABERNETHY. You do feel that under those conditions they can?

Dr. SAULMON. Yes, sir.

Mr. SHORT. It is not quite clear to me what authority exists now under the act that you referred to which permits the movement of brucellosis-infected cattle and tuberculosis-infected cattle—is this a specific authority directed to those particular diseases? And what you are seeking here is extending this authority to an additional specific disease? This bill does not mention specific diseases. This is more or less general authority being requested by the Secretary of Agriculture.

Dr. ANDERSEN. We are asking for an extension of the same type of authority contained in existing statutes in the case of tuberculosis, brucellosis, and paratuberculosis reactors, for certain other diseased

conditions under strict controls. We have listed a few specific diseases today. Tomorrow there may be another disease for which we have a test and the carrier animals can be detected. They would not be permitted to move interstate under existing authority. We believe the present authority for handling TB and brucellosis reactors could be extended to cover such minor diseases, with the Secretary having the responsibility of developing the necessary safeguards, as to prevent interstate spread of such disease.

Mr. SHORT. I understand what your bill seeks to do now. Thank you.

Mr. BEERMANN. I did not ask my previous question on the basis of having any doubt about the Agricultural Research Service of the Department of Agriculture. I think ARS is one of the best areas in which our Government functions. The Department has done marvelous work under its Director, Dr. Byron T. Shaw. I only thought that perhaps we should have additional facts and wanted to have that information.

Dr. ANDERSON. Thank you.

Mr. ABERNETHY. Thank you very much, gentlemen. The committee will go into executive session now.

(Whereupon, at 11:10 a.m., the committee proceeded into executive session.)

