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AGRICULTURAL LAND DEVELOPMENT IN ALASKA

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 2805

BILL TO PROVIDE FOR A PROGRAM OF AGRICULTURAL
LAND DEVELOPMENT IN THE STATE OF ALASKA

AUGUST 10, 1962

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AGRICULTURAL LAND DEVELOPMENT IN ALASKA

FRIDAY, AUGUST 10, 1962

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:30 a.m., in room 324, Senate Office Building, Senator B. Everett Jordan of North Carolina presiding.

Present: Senators Jordan and Aiken.

Senator JORDAN. The subcommittee will come to order. The hearing this morning is on S. 2805 by Senator Bartlett for himself and Mr. Gruening. We have a report from the Department of Agriculture as well as a report from the Department of Interior, which we will include in the record at this point.

(S. 2805 and the departmental reports follow:)

[S. 2805, 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 the 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 program (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.

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

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

DEAR MR. CHAIRMAN: This is in reply to your request of February 7, 1962, for a report on S. 2805, a bill to provide 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, drainage, 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, including administrative costs, but not to exceed \$125,000 is to be expended in any one 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. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.*

DEAR SENATOR ELLENDER: This responds to your committee's request for a report on S. 2805, 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 in 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.

Senator JORDAN. I am delighted to be here with you and to have you here with me. We will proceed at your pleasure.

STATEMENT OF HON. E. L. (BOB) BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

Senator BARTLETT. I am appreciative of your holding the hearing this morning, Mr. Chairman, because I happen to know something of your busy schedule.

Mr. Chairman, Alaska agriculture stands in need of assistance. There are some of us who realize this and who want something to be done, and now; others are rather indefinite; others know nothing about the subject at all, and I should imagine the latter group would be found to include most people.

However, the fact is that Alaska agriculture has been in existence for a long, long time. There are some tremendous valleys in this great landmass that are suited for farming, and homesteading started there, particularly, in Tanana Valley where Fairbanks is the principal community, several decades ago.

For many reasons agriculture has not prospered there. One of the reasons is because there has not been the same level and degree of Government assistance, from whatever branch of government that it might come, that has been extended elsewhere to agriculture. Another is that, typically, Alaska has been a land of comparatively high wages. The person who goes up to Alaska to homestead because of the free land available is often enticed into a job paying him a guaranteed wage, because the demand in many cases for manpower is so great. And many of these homesteaders, of course, are not bona fide farmers. They are people with an intention, sometimes with an ability to farm, but they do not have the experience of the farmers here who, naturally, are not going to a frontier land to acquire a homestead, because they do not need to.

Senator JORDAN. May I ask you a question?

Senator BARTLETT. Yes.

Senator JORDAN. As to this homestead movement up there, it is at a slower pace now than at one time?

Senator BARTLETT. That is right.

Senator JORDAN. Is there not something in the fact that they did not intend to farm, so much as to acquire some land by just living on it and doing enough farming to stay there with the dream of winding up with a good big acreage that they would get for nothing?

Senator BARTLETT. In some cases this was, undoubtedly, correct. This was true, especially, in the period that I will name, between 1945 and 1950, when some homestead lands were still available around the principal communities, such as Anchorage and Fairbanks. That is all gone now insofar as homesteading is concerned, but, doubtless, some was homesteaded with the idea of later subdividing it, and that was done in some cases. And, of course, another reason in my judgment for the relatively slow progress of agriculture in Alaska is that the homestead laws, which had been adopted so long ago to open up the West, were applied literally to Alaska, and the circumstances and the situation and the climate in Alaska were entirely different, so these homestead laws did not work as well as they had in other parts of the West. I recall that an architect from Austin, Tex., came to see me. He wanted to go up there to pioneer in stock raising. As a matter of fact, he said, "I am not particularly interested in making money. I do not want to do that. I make a lot of money. And it seems like a novel and interesting experiment to me." Finally, when he learned that there was no way under the law that he could attain any acreage for grazing his stock he did not proceed with his plan at all.

In the Statehood Act, giving over 100 million acres of land to the State of Alaska, to be selected according to procedures established in the act, we have a changed situation in that respect. However that

may be, this bill now before you, Mr. Chairman, is, I believe and I know, a proposal to give assistance of the type which we believe to be required and to give it in a modest, cooperative way.

As you will note, the total amount proposed to be appropriated by the bill, if the authorization is passed or carried out is only \$1,250,000, and no amount for any given year would be in excess of \$125,000. I point this out, especially, to prove to you that we are not seeking to urge the Congress to approve a lavish program, one involving the expenditure of a great amount of Federal money. The program is cooperative. Those who would be helped in developing their farmland, whatever the type of development might be, will be required, as I am sure Mr. Larson who will testify later for the Department of Agriculture will explain to you, to make contracts of the nature so that they have to put up a part of the cost of development, whether it will be clearing, shaping the land, irrigating, or whatever it is. And, parenthetically, Mr. Chairman, when I said irrigating, I did so intentionally, because most people laugh at this question of irrigation being required in Alaska. The Tanana Valley around Fairbanks, for example, is a somewhat arid region with a total precipitation from not only rain but water caused by snowfall, in the order of 15 inches. So irrigation might well be applied in certain circumstances.

Senator AIKEN. Is that rainfall or snowfall standard throughout the year?

Senator BARTLETT. Pretty much through the year, the months of May, June, and July, probably, being the very driest of all, so far as rain is concerned. In any case, as I suggested, we know something needs to be done. We think this is a reasonable approach to doing that something.

I want to emphasize to you, Mr. Chairman, and to you Senator Aiken, that this is not novel, unique, or new. There is ample precedent for the Federal Government to give this type of assistance. I am told that a like or similar program has been in effect in the Great Plains area for many, many years.

Senator AIKEN. You are asking for \$125,000 a year?

Senator BARTLETT. Only \$125,000—not to exceed that—and we are not asking for \$100 million a year but a total program of only \$1,250,000.

Senator AIKEN. That will be in addition to SCS payments. Do you know what they amount to in the act? I am asking the question now because I have to leave for a 12 o'clock appointment.

Senator BARTLETT. These payments which you are asking about, I will confess that my knowledge of agriculture is so limited that the answer eludes me.

Mr. LARSON. The ACP payment—\$64,000—about \$64,000.

Senator AIKEN. That was the ACP. Where would that be?

Mr. LARSON. It would be all over, primarily.

Senator AIKEN. And the SCS function is a State service.

Senator BARTLETT. These answers are given in my statement to which I have not yet come.

Senator AIKEN. I would like to have them.

Senator BARTLETT. If you will look at page 12 you will find those figures. I have been talking for quite a while and I have not come to my statement yet which consists of 17 pages, but I will get to that soon. And in addition, Senator Aiken, I should say to you that the

Federal Government has been doing some research up there—wonderful research. They have made substantial headway. They have a fine staff there, but by and large the Federal Government has not done very much for agriculture in Alaska.

We believe, too, that it will be well for the country as a whole to build up farming (a) to put it on a sound agricultural basis, to put it on a sound economical basis, to keep people there and, also, (b) so that more of our food stuffs can be grown locally, especially for defense needs. We have a considerable Defense Establishment there. Everything, practically, must be shipped in now. We want to eliminate that situation as soon as possible.

Mr. Chairman, I do not want to consume too much time. My statement to which reference has previously been made contains an amazing amount of information, I believe, about agriculture. It is informative, interesting, educational, complex, and helpful. And if you want I will read it to you page by page.

Senator JORDAN. I do not think that will be necessary.

Senator AIKEN. I think that it sets forth a complete study. The statements here I believe answer most of the questions. It is very helpful. I had not seen it before.

Senator BARTLETT. If you desire, I will just submit the statement for the record, and I thank you for the privilege of appearing here in support of my bill.

Senator AIKEN. How is your air service?

Senator BARTLETT. Our air service is excellent unless you chop off the subsidy.

Senator AIKEN. Will you give me the formula of how to get such air service.

Senator BARTLETT. It will not be easy. It will take longer to explain that than this bill.

Senator JORDAN. We appreciate your coming back, Senator Aiken.

Senator Bartlett, we will put this entire statement into the record along with the Governor's statement from the office of the Governor.

Senator BARTLETT. There is attached a batch of letters, too, that you may or may not want in the record, but I want to submit them either for the record or for the files of the committee.

Senator JORDAN. They are attached?

Senator BARTLETT. They are attached.

Senator JORDAN. They will be included in the record.

Senator BARTLETT. Thank you.

Senator JORDAN. We appreciate very much your appearing here.

(The prepared statement of Senator Bartlett follows:)

I welcome this opportunity to appear before you in behalf of S. 2805, a bill which I introduced and in which I was joined by Senator Ernest Gruening, entitled "The Alaska Farmland Development Act of 1962."

This legislation authorizes the Secretary of Agriculture to formulate and carry out a program for making payments or grants to agricultural producers in 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. The bill authorizes the Secretary to enter into cost-sharing contracts with farmers for carrying out such work and to issue rules and regulations in accordance with the law. A fund of \$1,250,000 is authorized, without fiscal year limitation, but no more than \$125,000 may be spent in any 1 year. In administering the proposed program, the Secretary is authorized to use those committees established in accordance with section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended. These committees are already functioning in Alaska.

Section 2 of the bill states specifically that " * * * 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 development and utilize more effectively the productive capacity of the State's land resources for agricultural purposes."

The purpose of the bill is clear. It will enable Alaska's farmers and ranchers to embark upon development programs which will not only fit the land, but also the markets and the entire economic structure of the State. It will assist this particular phase of the State's economy to keep pace with all others.

To those who think of Alaska in words such as "frozen," "barren," "wasteland," and others equally falsely descriptive, any attempt to promote agricultural development there seems nothing more than an attempt to spend taxpayers' money for no result. But these words have little basis in reality and can properly be applied to very little of the total land area, an area one-fifth the size of the older 48 States.

To speculate on the merits of assisting agriculture in Alaska on the basis of whether or not there should be such an industry is idle. Since the end of the 18th century until now men have farmed in Alaska. They will continue to do so. What is proposed to be done by S. 2805 is to lay a foundation upon which a stable, prosperous industry can be built.

Agriculture has an old and important place in the history of Alaska. The development of sufficient farmland to supply meat, vegetables, and grain to fur traders was a requirement in the charter of the Russian-American Co., and its predecessors, which held the franchise of the Czar in Alaska from 1784 until Alaska was purchased by the United States in 1867. Evidence of these efforts can be seen at Kodiak, Kenai, Sitka, and other communities settled by the Russians.

After the purchase of Alaska in 1867, agriculture languished, for there were few people to pursue it. This situation prevailed until the rush began to the gold fields of the Klondike in 1897, and on to Alaska in 1898. However, in 1898, recognition of the need for a local source of food adapted to the climate was made by Congress when it established agricultural experiment stations at Sitka, Kodiak, and Kenai—sites of former Russian occupancy. Other areas were set aside for agricultural experimentation at Rampart in 1900, Copper Center in 1903, Fairbanks in 1906, and Matanuska in 1915. In 1937, the Petersburg Fur Farm was established. Although evidence remains of all of these, only the Matanuska station, now moved to Palmer, and the Petersburg Fur Farm remain in operation today. This does not mean that scientific investigation is dwindling. The University of Alaska is a land-grant university and carries on extensive experimentation in conjunction with the Palmer station. And the Palmer station itself has grown tremendously in the scope of its operation. There has been a consolidation of effort and consequent expansion rather than a diminution.

Alaska was legally opened for American homestead settlement in 1898, although records of the Department of the Interior reveal that it was not until 1905 that final entries were made. The homestead law of 1898 permitted individual entry on only 80 acres. This limitation was raised to 320 acres in 1903 but reduced to 160 acres in 1916. Between 1905 and 1916, the year the acreage limitation was reduced to 160 acres per person, 88 final entries on the public domain were recorded. Curiously, the reduction in the acreage limitation caused no decrease in entries. Until 1916, the high year for final land entries was 1909, when 18 people applied for homesteads. In 1916, 30 people applied, and, with the exception of 1918, when 16 filings were recorded, the number did not drop below 30 until 1945. The peak year so far recorded was 1950, with 186 entries. By November of 1961, final homestead entry on 21,352 acres had been recorded.

Major impetus was given to agriculture in 1935, when President Roosevelt established the Matanuska colony as one measure to thwart the depression. World War II, with the rapid influx of people and the fear that transportation to Alaska would be cut off, brought a degree of prosperity to the colony and demonstrated the necessity of developing a local agricultural economy. Other areas experienced much the same rapid growth of population during World War II, particularly Fairbanks and the Tanana Valley, but the Matanuska Valley has grown in a steadier and more stable fashion than has the Tanana Valley and other areas which were and are subject to spotty homestead development. At the conclusion of my testimony, I should like to have inserted in the record of the hearing a statement by Mr. James J. Hurley, manager of the Alaska Rural Rehabilitation Corp., which is the financial arm of the Matanuska colony. In his remarks about the colony, he compared the Matanuska Valley with other farming

areas and stated that "The sole difference in the degree of development has been the availability of long-term, low-interest financing and other Government or quasi-Government assistance."

The purpose of S. 2805 is to establish the type of agricultural development envisioned by the planners of the Matanuska colony, but with more adequate control and protection, not only of the Federal Government's dollar, but of the land and people. Section 4 of S. 2805 states "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." This adequately insures that capabilities and experience, as well as land ownership, will be the measures by which a farmer will be judged eligible for assistance.

Since Alaska became a State, and since the 1960 census indicated that Alaska had experienced a rate of growth in the decade between 1950 and 1960 in excess of 75 percent, several estimates of future growth have been made. Some are conservative, others highly optimistic. Alaska's population was given as 226,167 in 1960. The Bureau of the Census estimates that in 1980 there will be, at the least, 339,000, and, at the most, 397,000 people there. The Battelle Memorial Institute believes the population will be 393,620. Ivan Bloch, economist and industrial planner at Portland, Oreg., suggests that Alaska's population could reach 750,000 by 1975. The Bureau of Land Management and Alaska's Department of Commerce are far more optimistic. The Bureau believes Alaska will have 1,500,000 people by 1980, while the State department of commerce gives estimates ranging from a low of 650,000 to a high of 1,800,000. In a study just published, Alaska Economists Drs. George W. Rogers and Richard A. Cooley express a belief that the population will range between 373,500 and 449,500 in 1980.

No one can state what the population will be. Too many things have happened to Alaska in the slightly over 3 years since it became a State for anyone to be able to make an accurate prediction of population or economic growth. Reports written 6 months ago already need up-dating. The effects of such rapid changes cannot be measured, but I believe it is logical to assume that Alaska can expect a near doubling of its population by 1980.

Alaska has suffered and is continuing to suffer the economic growing pains experienced in almost all other pioneer areas, complicated first by the military expansion during World War II and the Korean war, and the continuing build-up of defenses during the cold war. Alaska's major natural resources industries have been furs, gold mining, fishing, timber, and now, pulp. Each of these industries is based upon the extraction of raw material, processing it only sufficiently to make it transportable, and then selling it for final processing elsewhere. While it is true that salmon is canned in Alaska, it must be shipped elsewhere for labeling. Outside ownership has been the rule.

Federal, State, and local governments contribute approximately half of all salaries and wages paid in Alaska. Likewise, the construction industry depends upon Government projects, mainly for the Military Establishment. In the last 20 years it has been the Federal Government which has contributed to the rapid growth, and the fact that this growth has been almost entirely without a basis of resource development. The Federal Government and Federal Government enterprises cannot sustain the economy on a continuing basis at their present rates. The development of missile warfare alone would preclude this even if the people themselves, in conjunction with the State government, were not striving toward resources development.

All of these factors have contributed to the waves of high and low prosperity which Alaska has experienced. In the long run, Alaska has benefited, but it is becoming clearer and clearer that efforts must now be made to assist the economy to change from one based upon Federal civilian and military government spending to one based upon resources development.

This is why I believe it is important to move now toward legislation such as S. 2805.

It will become increasingly difficult for farmers in Alaska to compete with farmers elsewhere because those in Alaska are doing their primary development work in a high-cost area in a high-cost era, while those in other areas of the United States have farms which have long since passed that stage and can now take full advantage of all modern mechanical and chemical discoveries. Those farms in Alaska which have been in production for 20 or more years are, of course, in a relatively advantageous position. But those farms, too, need further development, and their owners must return to developing raw land in order to expand.

Also, as we gain more scientific knowledge of Alaska farming, adjustments and changes must be made.

Recent developments in transportation will make it even harder for Alaska farmers to compete. It is now possible for Alaska merchants to ship in carload lots via rail and rail barge from the east coast to Fairbanks. Alaska is in the 19th century so far as resource development is concerned, yet it faces the competition and demands of a 20th-century economy.

Alaska can produce a variety of crops, although it cannot, of course, grow citrus fruits, corn, nuts, and others which require long and hot growing seasons. Next to dairy products in cash value are potatoes. At one time, about 30 years ago, attempts at growing wheat were made and were successful, but the market simply wasn't there. Alaska could grow sufficient grains and other food to support a cattle industry if enough land were cleared. Every year when vegetables are being harvested, the newspapers are full of record-sized cabbages, heads of cauliflower, turnips, and beets. The principal cash vegetable crops are potatoes, cabbage, cauliflower, carrots, lettuce, radishes, and turnips. Berries are plentiful, both wild and domestic, and Haines, terminus of a branch of the Alaska Highway at the head of Lynn Canal in southeastern Alaska, celebrates a strawberry festival each year.

The growing seasons vary considerably. Because of the long periods of light in central and interior Alaska, and because of our lack of knowledge as to all the effects of so much light, stating baldly the length of the growing season in no way describes the limits of the agricultural potential. However, I believe it pertinent to include some figures for your consideration. Fairbanks has an average growing season of 106 days, during 97 of which the mean temperature ranges above 32° F. The season is 128 days long at Palmer in the Matanuska Valley, and approximately 113 days have temperature above 32° F. Juneau has the longest growing season of the major cities and areas—177 days during which 176 days are above 32° F. However, at Juneau, the average yearly precipitation is 90.3 inches, and Ketchikan, where the growing season is 170 days long, has a yearly average of 151.9 inches of precipitation. Although Ketchikan's growing season is shorter than that at Juneau, it nevertheless has more days above 32° F. than Juneau, that is, 182. Barrow, Alaska's northernmost village, has 8 days a year when the temperature ranges above 32° F., and the average annual precipitation is only 4 inches.

The 1959 Census of Agriculture showed that there were 367 farms operating while the 1950 census revealed 552 operating farms. Acreage in use more than doubled in the 10-year period from 421,799 to 888,331. However, this compares unfavorably with the acreage in use in 1939, which was 1,775,752. And in that year, 623 farms were in operation. Again, we must refer to the dramatic changes in population characteristics during the two decades from 1939 to 1960. This was the era of tremendous military activity and heavy Federal Government expenditures for military and civilian construction.

The Census of Agriculture for 1959, of 302 farms reporting, shows that total cropland of farms was 24,119 acres while that harvested was 14,482. According to the 196 farms reporting, acreage in pasture was 570,581.

None of these figures was included in the 1959 census totals of the other States.

The 1960 Alaska population census listed 252 farmers and farm managers, 35 of whom were women, and, of a total of 112 farm laborers and foremen, 21 were women.

The most dramatic changes in the decade between 1950 and 1960 occurred in acreage per farm, as was true throughout the Nation. Seventeen farms reported 180 to 219 acres in 1950. In 1960 the 17 had increased to 29. In 1960, 17 farms reported holdings of 1,000 or more acres, and in 1950, only 4 had reported as much acreage.

In 1960, Mr. H. P. Gazaway, at that time with the Department of Agriculture, prepared a report for the Division of Lands of the Alaska Department of Natural Resources, entitled "Facts and Observations on Agricultural Development in Alaska." In his report he estimated requirements for commercial farms in Alaska. Following is a table reproduced from his report:

Minimum requirements for commercial farming or ranching in Alaska—Estimated size annual volume of production, sales, and capital investment per unit and farm

Type farm	Size, annual production, and sales	Probable investment per unit and per farm
Dairy.....	25 to 30 cows; 250,000 to 350,000 pounds milk; \$25,000 to \$35,000.	\$2,500 to \$3,000 per cow; \$60,000 to \$85,000 per farm.
Potatoes.....	30 to 35 acres; 250 to 350 tons; \$25,000 to \$35,000.	\$1,500 to \$2,000 per acre; \$40,000 to \$50,000 per farm.
Vegetables.....	20 to 25 acres; 100 to 150 tons; \$20,000 to \$30,000.	\$1,200 to \$1,500 per acre; \$25,000 to \$40,000 per farm.
Poultry.....	3,000 to 4,000 hens; 55,000 to 65,000 dozen eggs.	\$8 to \$12 per hen; \$35,000 to \$45,000 per farm.
Grain.....	250 to 300 acres; 250 to 300 tons; \$20,000 to \$25,000.	\$250 to \$300 per acre; \$70,000 to \$80,000 per farm.
Interior beef.....	150 to 250 cows; 125 to 200 head; \$18,000 to \$25,000.	\$600 to \$800 per cow; \$120,000 to \$150,000 per farm.
Island wool.....	5,000 to 6,000 flock; sales 40,000 to 50,000 pounds; \$25,000 to \$35,000.	\$20 to \$30 per head; \$100,000 to \$150,000 per farm.
Hogs.....	100 to 150 sows; sales 1,500 to 2,200 hogs; \$60,000 to \$90,000.	\$300 to \$400 per sow; \$35,000 to \$50,000 per farm.
Fur.....	300 to 400 mink females; sales 1,200 to 2,000 pelts; \$25,000 to \$30,000.	\$150 to \$200 per mink; \$45,000 to \$60,000 per farm.
Reindeer.....	4,000 to 5,000 herd; 800 to 1,000 head; \$20,000 to \$30,000.	\$20 to \$25 per head; \$100,000 to \$125,000 per farm.
Replacement helpers.....	200 to 300 head; 75 to 125 head; \$20,000 to \$25,000.	\$300 to \$400 per head; \$60,000 to \$90,000 per farm.

In connection with Mr. Gazaway's estimate of the requirements for economic commercial farms, I call your attention to a table prepared by Dr. Allan H. Mick, Director of the Agricultural Experiment Station at Palmer. The table is entitled "Summary of Land Use, Possible Land Use in 1975, and Potential of Alaska."

Area	Agricultural land use ¹		
	Present	Needed acres ²	Potential
Southeast Alaska.....			5,000
Chugach National Forest.....		1,500	7,000
Kenai Peninsula.....	5,800	24,000	75,000
Matanuska-Susitna.....	24,865	74,150	450,000
Copper River Valley.....	260	12,000	400,000
Tanana Basin.....	21,508	70,900	650,000
Yukon Basin.....	200	3,500	1,650,000
Arctic Slope.....	None	³ 10,000	³ 500,000
Kotzebue and Norton Sound.....	100	³ 20,000	³ 500,000
Kodiak and Aleutian.....	³ 10,000,000	³ 20,000,000	³ 20,000,000
	⁴ 1,125,000	⁴ 1,500,000	3,000,000

¹ For cultivated crops and grazing.

² By 1975.

³ For reindeer grazing.

⁴ Beef and sheep grazing.

In 13 years, according to Dr. Mick, usable land should be increased between twofold and threefold.

In Mr. Gazaway's report for the Division of Lands, he estimated Alaska's population in 1975 to be, optimistically, 325,000. Ivan Bloch's estimate, likewise optimistic, is 750,000 by 1975. Let us assume that Dr. Mick used Mr. Gazaway's figures on population growth. If Mr. Bloch's figure for 1975 more nearly approaches reality, Alaska will find herself farther behind in agricultural development than she is today and today Alaska farmers are supplying approximately 10 percent of all food consumed there. In other words, Mr. Bloch's figure for 1975 is double that of Mr. Gazaway's and Alaska's farmers, even after the expansion deemed necessary or possible by Dr. Mick might still be producing only 10 percent of consumption, if that much. And this would make Alaska even more vulnerable if, for whatever reason, she were unable to import in quantities sufficient to meet demands. This situation has been of continuing concern to the military as well as the civilian population in Alaska. The Congress recognized the im-

portance of increasing the farming industry there in one instance in 1948 when the House Committee on Appropriations released its report on the Agriculture Department appropriation bill. On page 13 of the report it was stated that "The committee believes that the importance of the availability of locally produced food and feed supplies for any military force is obvious."

The Division of Agriculture of the Alaska Department of Natural Resources prepared some tables at my request which will give you a reasonably accurate picture of Alaska's present farm production:

Value of agricultural production, 1953-61

Year	Value	Percent increase (over previous year)	Year	Value	Percent increase (over previous year)
1953.....	\$2,819,800	-----	1958.....	\$4,676,000	3
1954.....	2,878,000	2	1959.....	5,124,200	10
1955.....	3,487,500	21	1960.....	5,470,000	7
1956.....	4,231,100	21	1961.....	5,703,500	4
1957.....	4,539,300	7			

Percentage of total value of production

(By areas from 1953 to 1960)

Year	Tanana Valley	Anchorage-Matanuska Valley	Kenai Peninsula	Kodiak and other	South-eastern
1953.....	16	64	6.0	3	11
1954.....	13	62	6.0	4	15
1955.....	13	69	4.5	4	10
1956.....	16	68	4.0	3	9
1957.....	16	67	4.0	4	9
1958.....	16	65	4.0	7	8
1959.....	11	68	6.0	7	8
1960.....	17	67	5.0	6	5
1961.....	15	70	6.0	5	4

Production value and percentage increase by areas (1960 compared to 1953)

Year	Tanana Valley	Anchorage and Matanuska	Kenai Peninsula	Kodiak and other	South-eastern	State
1953.....	\$449,000	\$1,797,000	\$169,000	\$100,000	\$304,000	\$2,819,000
1961.....	\$849,000	\$3,986,300	\$335,300	\$218,300	\$314,600	\$5,703,500
Percent increase.....	89	122	98	118	3	102

1959 Census of Agriculture data

Year	Farms	Average value, land and buildings	Cropland harvested	Cropland for pasture	Total cropland
			<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
1900.....	12	-----	-----	-----	159
1910.....	222	\$3,908	-----	-----	2,660
1920.....	364	3,329	4,473	-----	5,736
1929.....	500	5,714	3,875	-----	8,825
1939.....	623	6,165	7,305	-----	11,332
1950.....	525	12,465	6,450	2,449	12,385
1960.....	367	46,663	14,482	4,365	24,119

1959 Census of Agriculture data on Alaska

FARMS WITH SALES OVER \$10,000

	1950	1960
Cash-grain farm.....	0	1
Other field crop farms.....	4	13
Vegetable farms.....	5	5
Poultry farms.....	3	7
Dairy farms.....	23	60
Livestock farms other than poultry, dairy, and livestock ranches.....	3	3
Livestock ranches.....	2	5
General farms.....	2	3
Miscellaneous and unclassified farms.....	0	3

NUMBER OF FARMS BY AMOUNT OF HARVESTED CROPLAND

	Number of acres	
	1960	1950
1 to 9.....	77	154
10 to 19.....	57	46
20 to 29.....	34	37
30 to 49.....	38	43
50 to 99.....	57	30
100 to 199.....	31	
200 and over.....	8	

NUMBER OF FARMS BY ECONOMIC CLASSIFICATION

Class	Value of farm products sold	Number of farms	
		1960	1950
I	\$40,000 and over.....	20	-----
II	\$20,000 to \$39,999.....	36	-----
III	\$10,000 to \$19,999.....	44	-----
IV	\$5,000 to \$9,999.....	31	-----
V	\$2,500 to \$4,999.....	28	-----
VI	\$50 to \$2,499.....	26	-----
	Total number of commercial farms.....	¹ 185	² 229
	Total number of part-time farms.....	154	-----
	Total number of part-retirement farms.....	25	-----
	Total number of abnormal farms.....	3	88
	Total.....	367	525

RANK OF PRINCIPAL COMMODITIES PRODUCED ON FARMS IN ALASKA 1961

Rank	Commodity	Production value	Percent of total	Percent of 1960
1	Milk.....	\$2,451,000	43.0	113.0
2	Potatoes.....	781,000	13.7	108.0
3	All silage.....	567,000	9.9	122.0
4	All hay.....	554,000	9.7	87.0
5	Eggs.....	439,500	7.7	95.0
6	Reindeer meat.....	181,300	3.2	101.0
7	Barley.....	163,000	2.9	86.0
8	Beef.....	125,000	2.2	87.0
9	Lettuce.....	86,000	1.5	110.0
10	Carrots.....	57,000	1.0	116.0
11	Oats.....	55,000	1.0	89.0
	Pork.....	55,000	1.0	46.0
12	Wool.....	53,600	.9	108.0
13	Straw.....	38,500	.7	78.0
14	Cabbage.....	29,000	.5	94.0
15	All other.....	67,600	1.1	90.0
	Total.....	5,703,500	100.0	104.3

¹ Over \$50.² Over \$250.

Alaska agricultural production comparison of 1958-61

PRODUCTION

Commodity	Unit	1958	1961	Percent 1961 of 1958
Livestock and poultry products:				
Milk	Hundredweight	161,360	235,700	146
Eggs	Dozen	443,980	533,300	120
Beef	Pound	320,436	308,800	96
Pork	do.	179,892	135,000	75
Lamb and mutton	do.	18,200	15,500	85
Poultry meat	do.	99,781	55,000	55
Wool	do.	88,190	134,000	152
Reindeer meat	do.	531,000	484,700	91
Vegetables:				
Potatoes	Hundredweight	178,140	146,000	82
Cabbage	do.	4,500	3,400	76
Carrots	do.	6,220	5,200	84
Lettuce	do.	4,040	6,800	138
Celery	do.	1,040	580	56
Radishes	do.	620	480	77
Other vegetables	do.	1,880	1,040	55
Grain and roughage:				
Oats	do.	12,548	11,420	65
Barley	do.	37,683	33,280	102
Other grain	do.	2,120	900	42
Grain hay	Ton	1,585	1,600	101
Grain silage	do.	17,275	19,000	110
Straw	do.	1,136	1,060	93
Grasses, seeded and wild:				
Hay	do.	4,077	6,800	167
Silage	do.	3,446	8,000	233

NUMBER ON FARMS OR TOTAL ACREAGE

Commodity	Unit	1958	1961	Percent 1961 of 1958
Livestock and poultry products:				
Milk	Milk cow	2,095	3,200	153
Eggs	Poultry	34,106	35,000	103
Beef	Beef cow	1,078	1,400	130
Pork	Hog	886	1,000	113
Lamb and mutton	Sheep	10,787	15,000	139
Poultry meat	Poultry	34,106	35,000	103
Wool	Sheep	10,787	15,000	139
Reindeer meat	Reindeer	49,000		
Vegetables:				
Potatoes	Acre	1,039	800	77
Cabbage	do.	44	45	102
Carrots	do.	81	45	56
Lettuce	do.	59	70	119
Celery	do.	6	3	50
Radishes	do.	14	13	93
Other vegetables	do.	54	34	63
Grain and roughage:				
Oats	do.	1,331	3,000	225
Barley	do.	2,010	2,600	129
Other grain	do.	143	90	63
Grain hay	do.	1,790	1,200	67
Grain silage	do.	4,124	3,800	92
Straw				
Grasses, seeded and wild:				
Hay	Acre, seeded grass	6,334	6,100	96
Silage	Acre, native grass	1,562	900	58

As you can well see, the dairy industry ranks first in production and income. In May 1960, A. Dale Saunders, H. P. Gazaway, and C. F. Marsh, in a study entitled "Three-Year Summary of Investment, Cost, and Income for Dairy Farms in Alaska," gave the following estimate with regard to individual farms: "Here are two examples of what a dairy farmer might reasonably be expected to carry in the way of a debt load depending on the size of his operation:

	Farm size	
	20 cows	40 cows
Net cash income at \$300 per cow.....	\$6,000	\$12,000
Less family living expenses.....	4,000	4,000
Depreciation (building, machinery, equipment, and cows).....	1,500	2,500
Money left that could be applied:		
Annually against debt.....	500	5,500
Payments per cow.....	25	138

"This indicates that in 20 years a 20-cow dairy might be able to pay off a \$10,000 debt. In the same period a 40-cow dairy might pay off \$40,000 to \$60,000. A 50-cents-a-hundred drop in farm milk prices could more than offset the debt-paying ability of the farmer with a herd of 20 cows. Debt-repayment ability also depends upon personal income taxes and other factors that must be considered but are almost impossible to figure except on an individual basis."

If 20-year loans were generally available, the picture might not look so bleak. However, 20-year loans are a rarity and the Alaska dairy farmer faces severe competition from milk imported from lower cost, fully developed areas.

In May of 1960 I asked Secretary Freeman for statistics relating to certain expenditures by the Department of Agriculture in Alaska from fiscal year 1957 through fiscal year 1962, estimated. Following is this summary, corrected in part by the availability of more recent figures:

Obligations for activities in Alaska, fiscal years 1957-62

	1957	1958	1959	1960	1961, estimated	1962, estimated
Soil Conservation Service: Assistance to soil conservation districts and other co-operators.....	\$103,891	\$119,996	\$132,355	\$135,314	\$161,000	\$169,500
Agricultural Stabilization and Conservation Service:						
Agricultural conservation program cost-sharing assistance to farmers....	29,380	45,059	54,445	59,362	62,434	64,000
Wool Act program, payments to producers.....	(¹)	12,855	(¹)	12,821	6,447	6,500
Price-support loans on commodities.....				3,071	778	(¹)
Storage facility loans.....			13,523	5,017	10,207	(¹)
Operating expenses.....	15,299	17,042	20,900	24,716	29,750	39,000
Farmers Home Administration:						
Farmownership loans.....	86,478	58,680	14,428	140,403	99,417	99,980
Farm operating loans.....	95,605	95,730	80,060	172,933	254,246	424,292
Farm housing loans.....		8,780	12,720	39,620	79,600	778,116
Soil-water conservation loans.....	6,990		4,600			
Salaries and expenses.....	15,460	18,120	19,900	24,400	23,500	23,500
Total.....	353,103	376,262	352,931	617,657	727,379	1,595,638

¹ Not available.

NOTE.—The above amounts represent obligations only and do not reflect credits for receipts arising from loan collections and settlements, national forest revenues, or any kind of miscellaneous recoveries.

I call your attention to the figures given for cost-sharing assistance. The 1962 estimated figure is \$64,000. Alaska farmers have imposed a limitation of \$500 per farmer per year in an effort to make assistance available as widely as possible. If an Alaskan farmer were to receive \$500 a year and devote that money entirely to clearing and preparing land for cultivation, each acre costing \$200, it would take him 25 years to clear 100 acres. Furthermore, the cost per acre for clearing and developing would remain high at that rate because a farmer would be able to clear only $2\frac{1}{2}$ acres per year.

Next I call your attention to the figures listed for loans from the Farmers Home Administration. There is almost a tenfold increase in rural housing loans and this is due to changes in the National Housing Act. However, when these figures were requested from Secretary Freeman, that is, before passage of the Housing Act of 1961, the estimate for this particular category for fiscal year 1962 was a maximum of \$100,000.

Earlier this month I requested from the Farmers Home Administration a summation of the history of this agency's activity in Alaska and this appears below:

Loans made by type of loan, by fiscal year from beginning of program in 1940 through 1962, in State of Alaska

Fiscal year	Operating loans to cooperative associations		Operating loans to individuals		Farm ownership loans				Soil and water conservation loans to individuals		Rural housing loans	
	Number	Amount	Number	Amount	Direct		Insured		Number	Amount	Number	Amount
					Number	Amount	Number	Amount				
1940	1	\$204,000	0	0								
1941			0	0								
1942			3	\$6,000								
1943			18	36,210								
1944			21	34,900								
1945			14	20,300								
1946			21	55,300	1	\$7,010						
1947			14	55,196	3	10,000						
1948			9	21,940	3	29,350						
1949			11	42,191	1	2,950						
1950			29	35,355	0							\$1,000
1951			18	41,800	2	24,000						0
1952			13	26,400	2	14,618						0
1953			1	2,000	0							0
1954			6	15,300	1	13,000						0
1955			10	46,715	2	21,838						0
1956			20	72,405	4	72,790	2	\$34,135				0
1957			27	95,605	5	86,478	1	6,870	1	\$6,990	0	8,780
1958			26	80,730	4	52,082	0	0	1	4,600	3	12,720
1959			23	80,060	2	14,693	0	0	0	0	4	39,620
1960			32	172,933	8	100,543	2	39,860	0	0	7	79,600
1961			51	254,246	3	99,417	0	0	0	0	5	778,116
1962			63	424,292	4	99,980	0	0	0	0	46	778,116
Total	1	204,000	431	1,590,830	43	648,846	5	80,865	2	11,604	64	919,836

Undoubtedly, the recent increase in this agency's activities in Alaska will mark very rapid changes in agricultural development in Alaska since the cause of so many Alaska farmers seeking other occupations has been the lack of adequate and safe housing for their families and their inability to secure loans from any source to improve their dwellings. But the demand for loans far exceeds the lending capacity of the agency in Alaska.

The 1960 census reported 226,167 people in Alaska. Of that total, 138,048 lived in rural, nonfarm areas and in Alaska this means that most of the people lived in small villages and towns of less than 2,500 people. Those living in rural, farm areas numbered 2,352. The Housing Act of 1961 authorized the Farmers Home Administration to make housing loans to communities of 2,500 or less, as well as to farm families. These figures will give a clearer picture as to the reasons for the jump from \$79,600 for housing loans in 1961 to \$778,116 in fiscal year 1962 and the estimated \$675,000 in fiscal year 1963.

Furthermore, when the \$778,116 which was loaned in 1962 for rural housing loans is subtracted from the total for all the years, the net total amount in loans in Alaska is only \$141,720, or a yearly average of slightly more than \$14,000, hardly enough to justify this program.

I have pointed out the figures for cost-sharing assistance and for the lending programs of the Farmers Home Administration because these are the principal sources of financial help available to Alaska farmers, other than the Soil Conservation Service.

It becomes apparent that while Congress has, for many years, recognized the necessity for a healthy agriculture industry in Alaska, very little in financial aid has been made available.

You may well ask about what Alaska and Alaskans are doing to assist the industry.

In 1953 recognition by the territorial legislature was given the plight of the farmers. An act was passed which created the agricultural revolving loan fund. The fund was established with an authorized limit of \$1 million and \$200,000 was appropriated that year. Interest rates were set at 4½ percent for 20 years and loan limits set so as not to "exceed \$40,000 nor raise the total real estate indebtedness above \$25,000." In 1961, because of the remarkable success of the fund and recognition of further need, the authorized limit was raised to \$2 million and sums appropriated to the fund now total \$1,050,000. The farm development loan limit was raised in 1961 to \$40,000 while the interest rate has remained the same, 4½ percent.

The most important development, of course, is statehood and with it the ability of the State to acquire and administer land. In 1959, the first State legislature passed the Alaska Land Act and basic to the act, so far as farm development is concerned, is an increase in the acreage limitation from the Federal limit of 160 acres to 640 acres. A unique provision of the law permits purchase by contract and credits are given for certain development work. In a letter he wrote upon the merits of S. 2805, Mr. Roscoe E. Bell, director of the Alaska Division of Lands, discussed this provision briefly and at the conclusion of my testimony, I should like to include his letter in the record. However, in an article written for the Alaska Sportsman magazine, Mr. Bell gave a more thorough description of the provision. I shall quote from his article because he not only gives an excellent explanation of the law and regulations, but also describes the spirit of the law and the people who wrote it and administer it.

Homestead lands are defined by the State as "those agricultural lands which shall be made available to qualified persons in a manner calculated to encourage the development thereof for agricultural purposes."

The Alaska State homestead regulations are truly a brain child of the people of Alaska as expressed at the public hearings on the land disposal regulations. The officially adopted regulations comprise a unique combination of agricultural land sales with a flexible system of credits allowed against the purchase price for work done to improve either the homestead or other State land. Thus land may be obtained by settlement and improvement as desired by the people of Alaska or paid for in cash whichever best suits the capabilities and resources of the homesteader.

If a homesteader elects to buy his homestead on contract (10 percent down and the balance to be paid in annual payments over the next 1-10 years), he may earn credits by making certain improvements and applying these credits to the annual payment, or he may simply make the annual payment in money.

The credits a homesteader may receive for the work undertaken on or in connection with the lands in his contract are as follows:

- (1) Land brought to cultivation (including clearing and drainage when necessary), \$40 per acre.
- (2) Fencing, \$3 per 100 feet.
- (3) Permanent family dwellings, \$4 per square foot, not to exceed \$1,000.
- (4) Farm buildings, \$2 per square foot, not to exceed \$1,000.
- (5) Well, producing water approved for domestic use, \$5 per foot.
- (6) Access road, \$500 per mile, not to exceed \$1,000.

It is not the intent of the State, in granting credits to reimburse the homesteader for his development costs, but rather to encourage the economic development of agricultural lands.

Mr. Chairman, at the conclusion of my remarks I should like to have inserted in the record another letter from Mr. Bell, a letter from Mr. Hal Tye, information and statistics agent of the State division of agriculture, those statements already mentioned, and several letters I have received from Alaskans in support of S. 2805. This will constitute a lengthy record for the hearing, but I believe it only fair to the committee that the members know and understand the statistics of farming in Alaska and the farmers themselves. The basis of any program such as proposed by S. 2805, is the people who use and administer it. I know you will agree with me that Alaskans are responsible, well-informed people devoted not only to Alaska but to the entire Nation.

They acknowledge their need for assistance now, but they do this only because of their desire to become contributors of their full and fair share to the Nation's growth and development.

I hope you will agree with me that the small program proposed by S. 2805 will accomplish this purpose. It will provide a floor upon which needed marketing, distribution, and transportation systems can develop in orderly and reasonably secure fashion. It will enhance Alaska's defenses by providing the capability to supply food in the event the supply routes to the other States are disrupted. It will help remove economic dependence upon Federal Government activities.

Mr. Hugh A. Johnson of the U.S. Department of Agriculture wrote in an article for the 1958 Agricultural Yearbook:

"Resident Alaskans want action. They want the opportunity to develop agriculture, trade, and industry. They live among potential resources that they believe could form the foundation for growing and prosperous communities. They want to make Alaska a settled, integral part of the United States."

The United States has demonstrated throughout the world that it believes each area should and can be economically healthy. The Federal Government recognizes that only economically sound countries can join to make a prosperous world community. The Federal Government is equally aware that in order to have a sound national economy, each State must be sound. Alaska, too, must be sound.

S. 2805 proposes a modest program which will promote internal stability and economic growth and will measurably contribute to Alaska's achieving that state of economic health necessary to the Nation.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau, February 15, 1962.

Hon. E. L. BARTLETT,
*U.S. Senator,
Senate Office Building,
Washington, D.C.*

DEAR BOB: Your program for agricultural land development in Alaska as exemplified in S. 2805 and detailed in your remarks at the time of introduction are deserving of the highest praise. I certainly hope that the bill will be passed and the program translated into action.

Kindest personal regards.

Sincerely,

WILLIAM A. EGAN, *Governor.*

STATE OF ALASKA,
DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF LANDS,
June 11, 1962.

Senator E. L. BARTLETT,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR BOB: Reference is made to your letter of May 29, 1962, concerning S. 2805, the bill which you introduced providing for a long-term cost-sharing program for land development in Alaska. I will attempt to answer the questions you posed as thoroughly as possible.

One can find almost any estimate of potential farming areas in the State of Alaska, but the conservative estimate of approximately 1 to 3 million acres of potential cropland appears to be a reasonable figure. This estimate includes only those lands which are suitable for the production of agriculture crops; namely, soils classified as II, III, and IV in the SCS classification. This agricultural land is located in scattered areas of the Kenai Peninsula, the Matanuska and Susitna Valleys, the Tanana and Yukon Valleys, the Copper River Valley, and possibly some in the Kuskokwim Valley.

Costs of land clearing vary considerably, depending upon availability and type of machinery used, costs for hiring labor if necessary, terrain and cover conditions. Clearing costs are generally estimated to be in the vicinity of \$50 to \$150 per acre, but may range as high as \$1,000 or more per acre in the heavily timbered areas of southeast Alaska. From the information available to us, it appears that the development of an operating farm would take a cash investment of some \$40,000 to \$60,000. I am enclosing a copy of the Bureau of Land Management's publication entitled, "Establishing a Farm in Alaska," which does an excellent job of portraying the difficulties of establishing a farming unit. I am also sending a copy of a report prepared by Mr. Gazaway, formerly in charge of the economic and marketing extension program for the University of Alaska. His report gives an excellent rundown of costs and potentials of Alaskan agriculture and includes a section of recommendations for agricultural development in Alaska. Many of his recommendations are pertinent to the legislation you have introduced (see pp. 27 through 29).

The State homesteading program is unique and has been tailored for Alaska conditions. Before State land may be homesteaded, it must first be classified as suitable for agricultural development. The land is then sold at public auction with the purchaser paying 10 percent down, the rest payable in equal installments for an additional 9-year period. The purchaser has the option, however, of developing his homestead and charging off a portion of his development costs against his original purchase price according to a set schedule which we have established. No development is required; the purchaser has the choice of whether he develops the land in whole, in part, or not at all. This system allows the purchaser to develop his homestead according to economic conditions, particularly since the schedule of development credits probably will not equal his expenditures. Unfortunately this program has not been in existence long enough to test the validity of our belief that the State's homesteading program will encourage the economic development of farm units. Only time will prove or disprove our beliefs.

Homesteading under applicable Federal laws has a long history in Alaska and unfortunately a very poor history at that. A good share of the land was homesteaded because it was the only way title to the lands could be received. In many cases, the requirements of the Homestead Act forced uneconomic development because of required clearing and cultivation as well as actual occupancy of the land. This resulted in a great number of abandonments after the prove-up period and has led to a considerable expenditure of public funds which were wasted in connecting isolated homesteads with power and other public facilities which later were abandoned or disconnected when the homesteader moved from the land. Only a relatively small percentage of the lands which have been patented under the Homestead Act are currently being farmed. In many cases the land which was homesteaded was unsuitable for agriculture but the required developments were still carried out merely for the entrymen to gain title to the lands.

The provisions of S. 2805 would have little effect upon the State homestead program. Our homestead regulations are such that if the homesteader accepts aid from some other source to develop his homestead, then the State will not allow any credit for the developments and the full purchase price must be paid for the land.

As stated previously, homesteading is allowed on State land only in those areas where soils are classed as capable for supporting agriculture. In general,

we try to group these homestead areas so that needed power, communications, roads, and schools can be more readily furnished in these areas at a minimum of public expense. Under Federal laws, homesteading is allowed anywhere on the public domain. I would consider it a prime requisite that the program proposed in this bill should be applicable only in those areas where the lands are classed as suitable for agriculture. Such assisted settlement should be concentrated either in partially settled areas or areas large enough and so located relative to transportation and marketing facilities as to justify the production and marketing organizations essential to success. This will help prevent Federal moneys from being expended for agricultural development where agriculture is in fact not possible or feasible at all.

I would recommend further that the Federal moneys allocated for this project be dispersed on a loan basis repayable over a long term at either minimum or no interest. As you know on Federal reclamation projects the capital costs of reclamation are repayable over 40 years without interest. I have long believed that development through land clearing in areas classed as suitable for agricultural development merits similar Federal support. Funds dispersed on a loan basis should tend to limit speculation and uneconomic development of farm units since the person accepting this aid will realize that the moneys must be repaid. I feel this would tend to stimulate and encourage only that development which would be necessary and economically feasible.

I hope that these comments will be of help to you. Further comments will be submitted if you have added questions.

Sincerely yours,

ROSCOE E. BELL, *Director.*

STATE OF ALASKA,
DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF LANDS,
March 23, 1962.

Hon. E. L. BARTLETT,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR BOB: Thanks very much for sending me copies of Senate bill 2805. In your letter you requested comments. The only comments I have to make, in addition to those which are carried in the statement on land settlement policy which I forwarded to you earlier, are as follows:

Section 6 appears a little too restrictive because I can anticipate that the Secretary of Agriculture might want to use the facilities of the Farmers Home Administration for handling the loan and grant functions envisioned by the bill. Obviously, close coordination will be required by the State and Federal Governments because of the State's provision for homesteading of State-owned lands, wherein 90 percent of the cost of the land can be carried by the State in a reduced land price, where approved development is carried out by the homesteader. Such development includes roads, dwellings, farm buildings, and land clearing. Such would suggest that the Alaska Rural Rehabilitation Corp. might also be an appropriate agency to consider for administration of this bill.

I am glad to see that the bill provides flexibility (loans or grants), and I presume that low interest rates would be envisioned in the loan provision (4 percent or less). Certain types of development, such as that done by the Bureau of Reclamation (40-year interest-free loans for land development), or the Corps of Engineers where the land developments related to flood control are not paid by the landowner, provide a precedent in an interest-free advance for such purposes. I do believe, however, that assistance should be in the nature of a loan, that the cost of development should be paid for by the recipient of the benefits, and that the grant provisions should be used very sparingly. This, however, becomes a matter of administration as the bill is now drafted.

It seems to me that one of the most important factors for success in agricultural development is group settlement so that settlers can benefit by cooperation in supplying roads, electricity, and other public services, and in providing for economy in purchasing and marketing of products.

You are also aware that the A. D. Little report on agriculture in Alaska, entitled, "Possibilities for Agricultural Industry in Alaska," is now complete and copies are available through the division of State planning in Juneau, if you do not have a copy.

If questions occur to you that you would like further comment on, do not hesitate to call on me.

Very sincerely yours,

ROScoe E. BELL, *Director.*

STATE OF ALASKA,
DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF AGRICULTURE,
June 20, 1962.

Senator E. L. BARTLETT,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR BARTLETT: In his absence from the office, Mr. George Crowther, acting director, asked me to answer your request for information supporting your Senate bill 2805. I have compiled several sheets of statistical information which you will find enclosed. For your convenience, I am sending three copies of each.

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 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.

As to the reasons for farm failures, Mr. Crowther, in his capacity as loan examiner for the Alaska agricultural revolving loan fund, has more specific knowledge in that respect. However, I can give you my personal observations and conclusions.

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 in 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.

A recent study by the Alaska Experiment Station is enclosed for your added information. It makes a comparison of high and low net income farms with the average on 15 Matanuska Valley dairy farms. The characteristics differentiating the high and low income farms are very enlightening. They show our average cost of production can be lowered appreciably through increased efficiency in size of operation as well as other factors.

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 in its behalf.

Best wishes.

Sincerely,

HAL TYE.

COMMENTS ON AGRICULTURAL DEVELOPMENT IN ALASKA AS THEY RELATE TO THE PROGRAM OF THE ALASKA RURAL REHABILITATION CORPORATION

The 1935 colonization project, conducted by the Federal Emergency Relief Administration and the Alaska Rural Rehabilitation Corporation, in the Matanuska Valley has been well publicized over the years and an analysis of the results of the program, from the standpoint of its impact on the development of the agricultural economy of the area, results in a very favorable picture.

Of the \$4½ million, more or less, which was spent in the project approximately one-fourth was invested in farm development on 30-year, 3-percent real estate contracts. This amount represented the actual cost to the Alaska Rural Rehabilitation Corporation for land clearing and building construction on the individual colony tracts. This amount has been or is being repaid in an orderly manner. The conclusions can well be drawn that any investment of public funds, either as long-term low-interest loans or as subsidies in the nature of cost sharing in land clearing or farm building construction, is a sound investment.

It quite frequently appears that the loan or other assistance given to a particular farmer at a particular time is not repaid or fully utilized by that farmer but the history of Alaska so far indicates that the investment is one that will be taken over by another farmer and good use made of it.

A look at the agricultural development of Alaska shows that nearly 70 percent of the farm production in Alaska comes from the Matanuska Valley. The reasons for this can be directly traced to the original colonization development. The physical characteristics of the land, as far as it is suitable for agriculture, are no different in the Tanana Valley or on the Kenai Peninsula. The sole difference in the degree of development has been the availability of long-term, low-interest, financing and other Government or quasi-Government assistance. It must be admitted at this point that prior to the advent of war in 1941 and the evolution of Alaska as a strategic location the status of farming in Alaska was in a pretty weak condition. Had it not been for this development it is impossible to say whether or not we could show the same results from our original investment as we can now.

At the present there is an adequate amount of reasonably long-term, low-interest credit available to farmers with fully or almost fully developed farms but there is

very definite bottleneck in trying to convert a homestead to a farm. It is difficult for established loan agencies to make available the development capital necessary for the transfiguration of these homesteads into farms. They are either restricted by the weakness of the security involved as is the case with the Federal land bank or they are restricted by reason of statutory limitations as is the case with the Farmers Home Administration. Making available long-term credit or cost sharing facilities to qualified homesteaders or other new settlers on unimproved land suitable for agriculture appears to be the only way that this bottleneck will be broken. Once a homestead is sufficiently developed to provide at least a substance income to the operator, then other credit sources will be available to carry on from that point.

If, as the result of the passage of the proposed bill and the implementing of the program, presently underdeveloped areas such as the Kenai Peninsula begin producing any considerable supply of agricultural products it may also become necessary to make available assistance to marketing agencies such as farmer's co-operatives as it will serve no purpose to raise the crops if they can't be marketed. This problem was evident in the development of the colonization project and a considerable portion of the 4½ million invested in the project can be traced to the development of marketing centers and the establishing of the farmer's co-op.

It is my general feeling that any assistance given to agricultural producers in Alaska which will result in the facilities (such as cleared land and buildings) to produce more farm products will be a sound investment. The investment will be partially paid out by direct return to the Government and partially paid out by indirect return in aiding the development of the economy in general.

JAMES J. HURLEY, *Manager.*

ALASKA STATE LEGISLATURE,
HOUSE OF REPRESENTATIVES,
Palmer, Alaska, June 26, 1962.

Senator E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SENATOR BARTLETT: I hesitate to write you at your busiest time but I wish to say that I am strongly in favor of your bill to aid Alaskan homesteaders and farmers; i.e., S. 2805 (Senator Bartlett and Senator Gruening, Alaska).

Alaska is an area where there is no capital for agricultural development.

There is no private risk capital for any long-range program at any interest rate.

I am particularly concerned that your bill pass because I have been in the past 27 years, waves of homesteaders come into this region, work hard, often, in fact, usually depriving their families of necessities for the future of an Alaskan farm. The fact is that the first and second settlers on a given piece of ground almost always wear out and finally have to give up—the children especially have to be provided for with better food, clothing, and educations, both groups usually stay 3 to 5 years, and it is only the third settlers on a given piece of property that begin to profit or have some chance of actually farming. The early settlers lose what they have built and cleared and at least a generation of productivity is lost to Alaska and to the Nation.

An opportunity to clear responsible amounts of land and establish an economic unit in one generation appeals to me. While my farm is one that it took three generations to develop, my father with a \$3,800 Government loan 28 years ago, most of it going into land clearing (30 acres originally), built a farm and has contributed much to the farming economy of this area. He still farms and has his total capital invested in a section of fertile land approximately half of it in cultivation.

He, like many of his neighbors, worked hard to produce in World War II for the military. He served actively in the South Pacific for the last year of the war while I farmed his property.

Today supply lines are still vulnerable and I believe that beyond the fact that this bill would speed up the farming process in Alaska, the crops, cattle, and storage can, in emergency, keep a large military force alive for a few vital weeks.

In any event Alaskan consumers benefit by Alaskan production—I cite any Anchorage Times grocery ads before the middle of July in any of the past 15 years, lettuce, for instance, is about 30 cents per pound—look at the same ads in August—lettuce is 12 to 15 cents per pound, and the public and merchants universally agree it is all Alaskan and the best anywhere.

A cheaper food cost in time will allow for less wage differentials and Alaska will become more competitive with its sister States and become a much more important contributor to the Nation's economy.

I wholeheartedly endorse this program. I have a tremendous debt to a similar program initiated over a quarter century ago.

Sincerely,

JALMAR KERTTULA.

HOMER, ALASKA, *March 15, 1962.*

HON. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR BOB: I have read your bill (S. 2805) proposing assistance in developing farms in Alaska.

I am highly in favor of this bill and urge its passage.

Yours truly,

GUST LOFGREN.

COHOE, ALASKA, *June 25, 1962.*

HON. E. L. "BOB" BARTLETT,
*Senate Office Building,
Washington, D.C.*

DEAR BOB: Farm improvement costs are very hard to compute. Some of our best lands are heavily timbered, others are in burnt-off areas (Sterling) and some relatively free of forest cover. Land clearing, due to the shallow layer of topsoil on the Kenai Peninsula should be a two-season operation. Very successful is the chain and ball method using two tracked vehicles. These two tractors are spaced 100 feet apart and parallel to each other along a heavy chain with a ball attached to the middle of the bite. This chain uproots the trees and this operation is performed during the summer months. The trees are left until the ground is frozen, then piled into windrows with a bulldozer.

In the big stick area (Cohoe-Kasilof) where the timber averages perhaps 6 inches at the butt, it is possible to shear off the trees at ground level during the winter months leaving the root structure in the ground. This type of clearing can be disk plowed and planted to oats, a legume, or mixed crop. The roots will normally rot out in 4 years. Both of these methods are expensive but they do leave the thin layer of topsoil intact.

A method that has been very successful in the Pacific Coast States would require a gas two-drum donkey engine. A spar pole is chosen from the larger trees—it is guywired and a heavy block hung from the top. A cable is run from the donkey drums up through the block and out to the surrounding trees. The trees are pulled up by the roots and into a pile around the spar pole. After pulling all the trees within a 360° arc the donkey is moved to another spar pole and the operation repeated. This method would be a very cheap operation. The donkey could be moved from farm to farm and used in a two-man operation (you scratch my back, I'll scratch yours).

S. 2805 should contain some provisions to allocate funds to subdistricts of the Soil Conservation Service for equipment of this type and other necessary equipment that could be community owned. Heavy plows that a farmer would only use in the initial clearing operation, land contour equipment, heavy disks, root rakes, etc., equipment that a farmer would only use once making it an expensive part of his overall capital investment.

Costs of land clearing and the initial necessary conditioning of the soil are hard to put a price on. It would be safe to say, however, that costs would be twice that which they are in the south 48. Possibly the cheapest type of farm operation would be 160 acres of hay land. Using \$100 as the average cost per acre, the initial investment here would come to \$16,000. Breaking the land, contouring and disking would average \$40 per acre. Putting it into a permanent vegetative cover using such as meadow foxtail or Reed's canary grass and fertilizing at 400 pounds of 10-20-10 and 100 pounds of ammonium nitrate per acre would average another \$40 which would total \$12,800. Then a suitable tractor, mower, disk, seeder, fertilizer spreader could be purchased in Alaska for \$8,000.

This would not be the most expensive equipment but rather the minimum. We now have \$36,800 invested and no home, barn, equipment shed, or hay drying and baling equipment—all we have is a crop. It is possible to clear land much cheaper than the \$100 per acre quoted, for some land has been cleared for as low

as \$40 per acre. Cheap summer land clearing with a bulldozer means just what it says—cheap clearing. It means that trees, roots, and all your topsoil end up in the windrows leaving sand and gravel to grow crops on.

Federal aid is necessary to help defray the high cost of land conditioning in Alaska. If an agricultural economy is to exist here some means must be worked out to cut down the high capital investment necessary to farm successfully. S. 2805 would provide a portion of the funds needed to establish this greatly needed economy. As president of the Entryman's Rights Association, an organization to promote homesteading on the Kenai Peninsula, I have repeatedly urged our congressional delegation to introduce legislation that would give Alaskan agriculture a boost. I have served on the Homer County ACP Committee and am presently a member of the Ninilchik Soil Conservation Subdistrict. A good share of the farm problems go through these two agencies. I find that our greatest needs are Federal aid, this for the initial cost of land conditioning; farm access roads; cheap power; long-term, low-interest capital; technical aid and an experimental farm on the Kenai Peninsula and an agricultural school setup.

Sincerely yours,

EUGENE D. SMITH.

PALMER, ALASKA, *June 27, 1962.*

Hon. Senator BARTLETT
Washington, D.C.

DEAR SIR: Monday, June 25, at a board meeting of the Matanuska Valley Farmer's Co-op, of which I am a member, Manager Stewart Durrant gave us the long-awaited results of the Army's redetermination suit against us. If the Army is allowed to collect \$433,679 which was awarded them it well may be that the "death knell" has been sounded for the organization. The co-op has been in the forefront in the development of agriculture in Alaska over many hard but gratifying years.

It is true, some profits were realized by the co-op in our contracts with the Army. It is also true these profits were plowed back into additional facilities for the farmer, such as a grain elevator, cold storage plant, etc.

Our newspapers are full of the Billie Sol Estes felony theft trial. I noticed that he will be given a civil trial, which we were denied. I also note that a recent attempt by the administration, to lower costs of subsidizing certain farm commodities was beaten back rather soundly by Congress. You know, Bob, that we farmers here in Alaska have to compete at the "marketplace" with no holds barred, and no subsidy. Yes, we have been matched with the U.S. Army. We have fought the "good fight" against a setup that was little better than a court-martial. We have spent or will pay \$52,000 in lawyer fees, etc. We can fight no more. Our only hope now is that our representatives in Washington, our friends and those interested in agriculture, who can help, will rise to our defense.

Yours truly,

JAMES A. COTTRELL, JR.

PALMER, ALASKA, *June 27, 1962.*

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

SIR: Thank you for the information on the Alaska Farmland Development Act of 1962.

S. 2805 would greatly enhance the development of agriculture in Alaska, since the people that take the risk of developing agriculture in Alaska have little more to lose than their lifelong savings as working people and the struggle they put into it. Due to this lack of finances, most people may never have sufficient land cleared to properly support a farming project.

Supplies of grain, hay, and silage have never been sufficient in the Willow-Anchorage area. This shortage is a serious problem in the spring when it takes so long to get feed here from the lower 48, and variations in the turn of spring can be as long as a month.

On some Seattle-purchased livestock feeds, the freight more than doubles the cost to the farmer here.

Wish I could be of more help to you in your farsighted approach to more abundant agriculture in Alaska.

Sincerely yours,

LEONARD E. MOFFITT.

ROBERT P. JAMES & SONS,
Homer, Alaska, March 20, 1962.

Mr. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SIR: I have read with great interest your bill, S. 2805, Alaska Farmland Development Act of 1962. I know from my own case that Alaska needs a shot in the arm, agriculturally.

I've been on my homestead 8 years and without the needed help or money. I've still got a ways to go before I can produce to the best of my ability.

I think your bill, S. 2805, is very good and we need more of them. We need money available in more easily obtainable loans. The farmer, rancher, cattlemen, etc., are the ones who take the chance, not the Government.

Yours truly,

ROBERT P. JAMES.

COLLEGE, ALASKA, March 30, 1962.

Hon. E. L. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BARTLETT: I have had an opportunity to examine the Alaska Farmland Development Act of 1962 (S. 2805), which you recently introduced in the Senate. I feel that this program, if passed by the Congress could, if properly developed and administered, be of considerable benefit to Alaska and could fit in well and supplement other agricultural programs in Alaska.

This opinion is based on my experience in Alaska agriculture as a farmer and as chairman of the Alaska Agricultural Stabilization and Conservation Committee from 1954-61.

I hope that this program will be passed by the Congress and I endorse and support its passage wholeheartedly.

Sincerely,

PHILIP R. JOHNSON.

FAIRBANKS, ALASKA, April 25, 1962.

Senator BOB BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SIR: I would like to express my support of your bill, S. 2805, which you recently introduced in the Senate. I and many other settlers in Alaska who are trying to establish on agricultural land are in dire need of assistance if we are to get our land into production before we reach an age too old to operate. The development of agriculture in Alaska will not only boost the economy of our State but also our Nation.

If there is anything I can do to assist in the passage of this bill let me know. I will do everything I can to help you and Senator Gruening get the support of Alaska landholders behind this legislation.

Yours truly,

J. F. HOLLINRAKE.

KENAI STOCKMENS ASSOCIATION,
Homer, Alaska, June 8, 1962.

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR MR. SENATOR: This is in reply to your letter of May 31 regarding S. 2805, your bill introduced to encourage development of agriculture in Alaska. Since it is the production of beef that concerns us, I will attempt to outline the benefits that segment of agriculture would receive in its development by the passage of the bill.

On Kodiak and the other islands, with milder winters, cattle are being produced at less cost than in the mountain West. Two-thirds of the cost of production represents imported supplement for winter feeding. Their biggest problem is transportation and a live market.

On the Kenai Peninsula with more severe winters it is necessary to feed from 5 to 7 months; and requires 5 to 6 tons of silage plus some hay for young stock.

In order to operate commensurately an operator must produce his own feed. On native open grassland, such as exists over a good portion of the peninsula, he can harvest wild forage, if the land has first been prepared, and the alder thickets which cover from 15 to 50 percent of the area, are removed. This runs into considerable expense, but, of course, is much less costly and far more practical than clearing for forested land.

It is also desirable to have a certain percentage of a ranch planted to tame grasses, so as to lengthen the grazing and harvesting periods. This is also quite costly with costs running as high as \$35 to \$40 per acre.

In addition to outside fences, it is also necessary to fence off the tame and wild grass forage areas, so that the rest of the land, usually too steep for farming, can be used and controlled for summer grazing. This is also costly, running about \$500 per mile for a good stayed four-wire fence.

The cost sharing provided in your bill if applied to all 3 of the above practices would enable a beef farmer with a family-size unit (125 cows, carry increase over and feed out; 170 head cow-calf; or 250 to 300 head feeding operation) to develop over a period of from 5 to 6 years as much as 500 to 600 acres wild hay land, 160 acres tame grassland, and 500 to 600 acres rough grazing land for controlled summer use, which could not otherwise be accomplished. This cost sharing should include not only preparation and clearing, but also seed and fertilizer, and costs of fencing.

We think that cattle can be produced on the Kenai competitively with costs in the mountain west, but perhaps somewhat more costly than on Kodiak, once the land has been prepared and pioneering problems overcome. With this development on the mainland, and the coming ferry system for live transportation a feeder market will develop that will absorb all the cattle that can be produced on the islands. It will allow present operators there to expand their operations for which there is a great need.

On the south portion of the Kenai alone there is open grassland enough to support 90 family-size units. The surface has hardly been scratched. A great deal of expansion on Kodiak and the development of a feeding and finishing industry on the north end of the Kenai, would be the end result of the passage of this bill.

A look on the globe will reveal three other areas of similar latitude and climate, where a livestock industry of considerable magnitude has been developed: Northern Scotland where the Highland and Angus breeds were developed in the last century under near feudal conditions; Patagonia, where British capital under colonial conditions with accompanying low labor costs; and Kamchatka, under Communist-controlled labor.

In Alaska where agriculture must compete in the labor market with the two industries, the military and fishing, with the attendant high living costs, it will be necessary to have the benefits of your bill to insure progress and to balance out factors that have contributed to the successes in the three areas mentioned above. With American initiative, and modern mechanization and methods coupled with the benefits of your bill, we just cannot fail.

Sincerely yours,

HOMER D. SMITH, *Acting President.*

JUNE 26, 1962.

Hon. E. L. BARTLETT,
U.S. Senate,
Washington, D.C.:

Fairbanks Chamber of Commerce supports and urges passage of S. 2805, Alaska Farmland Development Act, 1962. Adequate and orderly development of farmland is necessary to economic establishment of 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. S. 2805 would help establish a stable agriculture base and promote economic growth of this basic industry.

G. A. SEELIGER,
President, Fairbanks Chamber of Commerce.

JUNE 26, 1962.

Hon. E. L. BARTLETT,
U.S. Senate,
Washington, D.C.:

The Alaska State ASCS Committee individually and unanimously supports Senate bill 2805 (Alaska Farmland Act of 1962). This bill provides for the development of agriculture land resources and will encourage economic units of production which would improve the entire image of agriculture in the State of Alaska.

D. L. BAIRD,
Chairman, Alaska State ASCS, U.S. Department of Agriculture, Fairbanks,
Alaska.

PALMER, ALASKA, June 8, 1962.

Hon. E. L. BARTLETT
Washington, D.C.

DEAR BOB: We appreciate your personal interest in us as Alaskan farmers.

The following is my answer to your letter to Alaska farmers requesting information that will help get bill S. 2805 passed.

I have plenty of facts and experiences but not many figures to present. I can say that without help it is next to impossible to develop a farm here. We went through it all, and are now debt free and making a living on our farm, but we did have help. It is just not possible to make a living on the farm at the same time you are developing it, unless you have outside help.

There is room for more farms here. But there are serious marketing problems. Difficulty is experienced in selling the things that are best raised here, due to the shipping in of potatoes, grain, vegetables, and milk. If we have no market, there is no need to spend more money to develop more farms.

Thank you for writing to us. We are as ever,

Sincerely,

RAY REBARCHEK.

PALMER, ALASKA, June 19, 1962.

Hon. E. L. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SIR: I greatly appreciate this opportunity to comment on the merits of Senate bill 2805.

I would first like to acquaint you a little with my background in Alaska. I moved to Alaska in 1948 from a dairy and hog farm in Iowa. I have twice in this time purchased Government land through the Alaska Rural Rehabilitation Corporation and developed them into successful family-sized farms so I have some little knowledge of the problems connected with land development. Since 1950 I have served as a county ASC committeeman and a member of the Alaska State ASC Committee. The members of the Matanuska Valley Farmers Cooperating Association have twice done me the honor of electing me chairman of their board.

I wholeheartedly support the passage of S. 2805. Alaska is of now a feed and food deficit area. The orderly process of land development that would follow passage of this bill would certainly help to change this situation. This would benefit not only the people of Alaska but of the whole United States.

As Palmer County Defense Board chairman I can assure you that foodstuffs in Alaska would be exhausted in a very few days if shipping was cut off, which could very easily happen in case of war. The added production of food that would come about because of a land development program would help this situation immeasurably.

I can foresee nothing but good to come to the people of Alaska and the United States as a whole with the passage of S. 2085.

Sincerely yours,

JOHN D. NASH.

ANCHOR POINT, ALASKA, June 8, 1962.

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SIR: I think you have costs and figures that are quite accurate, but there are a few comments I would like to make.

First, I have spent many years of hard labor developing my homestead and it is still not on a paying basis because I could not get assistance when I needed it.

My children have left home to work in other industries because of it.

Agriculture just by its nature is slow to develop. We cannot jump on raw, undeveloped land and compete with developed agriculture in the south 48 and Canada. It's just that simple.

We have got to have assistance to bring us up to their level.

There are many new people moving in this area every year. All they are doing is twiddling their thumbs and drawing unemployment and relief. This is too bad as there is plenty for them to do the year around. As the saying goes, "There is a time to fish and a time to fix nets." I am sure these people realize this and would get going on productive work if given the opportunity. This north country has never bred parasites and the records show that people do not stay long that plan this kind of existence.

I hope this letter will be of some help to you.

Sincerely,

JOHN CLABO.

SOLDOTNA, ALASKA, *June 12, 1962.*

HON. E. L. BARTLETT,
U.S. Senator,
Washington, D.C.

DEAR SENATOR BARTLETT: I am writing this letter at the request of Mr. Gene Smith, past ACP representative for the Kenai area.

My wife and I first came to Alaska in 1959 from southern California. We moved to our present homestead off the Kalifonsky Beach Road after making local inquiries for available land. We have 160 acres of the best Alaskan soil with a beautiful view of the Kenai River and the Aleutian Mountain Range. We have had many compliments paid to our homestead, mostly because of its spectacular view.

We have over 20 acres of well-cultivated soil and this was made possible by the help I received through the ACP program. I was encouraged to do a bigger and better job than would have been possible without the help of the ACP. I estimate a total cost of the cultivated land at \$200 an acre. This is a higher than average cost but I feel we have done a better than average job. Our land is being farmed this year by a local farmer. He has just finished seeding our 20 acres to oats.

I believe the Kenai Peninsular is going to play a most important role in the development of Alaska. I see a large population on the peninsula in future years which will open a field to farming. I am not a true farmer myself but I feel certain there will be crops growing on our land that at present are not adapted to the Alaska climate.

We are proud to be part of this development, to be an Alaskan homesteader.

Sincerely,

JIM CRUM AND FAMILY.

SALCHA-BIG DELTA SOIL CONSERVATION SUBDISTRICT,
Delta Junction, Alaska, June 10, 1962.

E. L. BARTLETT,
U.S. Senator,
New Senate Office Building, Washington, D.C.

DEAR SENATOR: We would like to comment on the subject of S. 2805, land development in Alaska.

Development of land for agricultural purposes is a long-range project, wherever it is attempted. In Alaska, where larger quantities of locally produced food supplies could significantly reduce the cost of living, such development is needed on a greater scale than is presently being achieved.

The long-range nature of agricultural development is not being recognized by commercial lending agencies, whose loans in all cases are a maximum of 60 months at a minimum interest rate of 6 percent. Alaska State agricultural loan funds are limited to 6-month notes and 5-year chattel mortgages. Federal programs (FHA, ASC) are limited in their application to funds presently available and adherence to regulations (example: proof of good title, where the Bureau of Land Management has not issued same, due either to heavy workload or lack of necessary cadastral survey) which do not always fit the need.

Creating a new farm requires about the same per acre capital outlay, \$80 to \$400, as buying a producing one. However, the producing one has proven capacity and makes good collateral for a purchaser with a small downpayment, who can then go into immediate production. The homesteader must invest this similar amount before he has a similar producing unit and meanwhile he lacks the comparable collateral of proven capacity and good title. Also, lacking production, the developer must spend some time elsewhere to earn his family a living, even if he happens to have all the direct development capital necessary.

There is no question of feasibility of actual production or of economic production. The production of milk, eggs, small grains, potatoes, and truck crops in Alaska presently provides some farm families with incomes similar to, or greater than, those they could earn doing the same thing in other States. The homesteader with raw materials but no collateral and the concurrent need to make a living must negotiate the hurdle of development cost to create an economic producing unit.

Some other form of financial assistance for agricultural development in Alaska than presently exists is highly desirable. It appears that S. 2805 could help fill the gap.

We tend to favor a loan program over one consisting entirely of outright grants, although we recognize that this requires much closer administration. As regards administration, we are inclined to urge that such be separate from ASC committees. (The county ASC committees in Alaska are too few in number to adequately represent or administer their large assigned geographical areas.)

This subdistrict would like to endorse the intent of S. 2805.

Yours very truly,

CHARLES FORCK, *Secretary*
(For the supervisors).

VALDEZ, ALASKA, June 23, 1962.

HON. E. L. (BOB) BARTLETT,
Senior Senator from Alaska,
U.S. Senate Office Building, Washington, D.C.

DEAR SENATOR BARTLETT: I understand from Darrell L. Baird, chairman, Alaska State ASCS, U.S. Department of Agriculture, that Senate bill 2805 concerning the Alaska Farmland Act of 1962 is presently under debate in Congress and that action is expected within the next few days.

Please consider this letter as an endorsement of this splendid bill, presented on February 6 by yourself for both you and Senator Ernest Gruening.

The "staggering, immediate cost of land clearing" does indeed stop much of the land development for agricultural purposes in Alaska. A program such as you have outlined in S. 2805 would alleviate this situation and foster a healthy development in agriculture in our great new State.

I now realize that the Department of Agriculture offers the real solution for development of our rural areas in addition to programs of strictly agricultural content. I am referring to the newly inaugurated rural housing program of the Farmers Home Administration. This program alone is bringing decent housing to our rural and our small communities of Alaska, never before included within any bankable, housing loan program. This impetus alone will hold our population on a stable basis in the rural communities. By the same token, a loan program for land clearing and development will provide the "carrot and the stock" incentive for serious approaches to farming.

As you once told me years ago, "Development of Alaska will bring down the cost of living within the State." Until such time as we can attain this badly needed development, through underwriting a land-clearing program for agricultural uses, we can never attain this goal. Until we can bring about a lower cost of living through lessened food costs, we can never hope to stabilize our population and the economy of our State. The average residence within the State is now 5 years. This does not take into account the changing military population, but the wage earners who are attracted to Alaska through positions with the Federal, State, and municipal governments and private business. It is these presently unstable citizens who must have a lowered cost of living scale to remain within the State and help Alaska grow.

Senate bill 2805 is but one of the many imaginative, new approaches to development within our State that will eventually bring about a healthy economy, independent of Government support programs.

Sincerely yours,

Mrs. FRANCES P. WALKER,
Member at Large, Alaska State Economic Development Committee.

SPENARD, ALASKA, *June 26, 1962.*

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SENATOR BARTLETT: In answer to your letter of May 31 I am selling my homestead as fast as possible. Taxes will swallow it up in a few years so sell I must before I am left holding the sack.

My belief in Alaska's farming possibilities are firmer than ever and I hope to farm again in a few years; Palmer, Kenai, Anchor Point, or somewhere in the Tanana Valley where I can keep ahead of the taxes (I hope).

It is a must to start farm production on a scale big enough to do any good in the near future. Without clearing help to the farmer these farming operations in Alaska are second and third generation farms. Presently we are mostly stump ranching.

Very truly yours,

LELAND C. JOHNSTON.

WASILLA, ALASKA, *June 26, 1962.*

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SIR: Your memorandum of May 31, 1962, received and the contents noted.

I bought 160 acres in 1953 that had been homesteaded and patented, with a one-room log cabin and electricity coming in. No land had been cleared.

I have managed to have 59 acres of land cleared through the help of Mr. Jim Harley and his ARRC and through the help of Lew Hanks and Cliff Marcus of the Soil Conservation Office in Palmer, Alaska.

I have applied to the FHA in Palmer and the State Loan Department in Palmer for help in more clearing, plowing, seeding, and fertilizing, but to no avail. I have applied to soil conservation to reseed 30 acres of brome killed by winterkill and have been approved for August 1, 1962, completion. I started cutting brome hay yesterday and will bale everything in sight if the rain doesn't get us.

I have been unable to finance any equipment for haying tractor, silage cutting, and baling and have to hire all work done except what help I can do myself such as installing barbed wire fencing, etc.

We are drilling a water well at \$11 per foot for drilling and casing in which Soil Conservation office has agreed to extend up to \$650 but not over half the cost, not including pump and new electrical hookup. Well was down to 100 feet last Saturday and we are hoping any minute to run out of sandy soup and into water. This is in glacial till and varies. Well one-eighth mile away got water at 60 feet several years ago.

I have five calves (two heifers and three steers) born April 1, 1961, and am acquiring several very young calves to raise. I am not interested in dairying at the present time but in beef and dairy replacements.

I have been able to cut spruce poles for pole types loafing barn and fenceposts on my property and am trying to conserve timber. I am hoping to apply for more help this coming 1963 program to clear more land and seed it to brome and oats.

For all of the above accomplishments and plans I have been unable to obtain the proper financing needed to do a proper job.

Respectfully yours,

EARL K. CARPENTER.

WASILLA, ALASKA, *June 11, 1962.*

Hon. E. L. BARTLETT,
U.S. Senate, Washington, D.C.

DEAR SENATOR BARTLETT: Received your letter dated May 1, 1962, and I wish to state that I and everyone I have talked to about it in this area are heartily in favor of the bill, S. 2805, a program of agricultural land development for Alaska.

I homesteaded the land we are on in 1947. We have developed approximately 20 acres, at a cost of about \$100 per acre. This year I made application for assistance through the soil conservation district office in Palmer to drain a portion of a 20-acre section that lies in a natural basin, the bank on the north side is only 10 or 15 feet wide; then there is a low swale that drains into a stream which is fed by a culvert under the highway, and with three ditches each approximately 400 feet long. The entire basin could be drained and would provide either ex-

cellent pasture or hay crop for our stock. The Soil Conservation tentatively approved assistance in the amount of \$650. Then, when their man came out to look it over, he said it would have to be cleared first before he could approve draining it. I explained that we needed the hay this year and since there wasn't time to do both, we would have to clear another area. This I applied for and they allowed the maximum of \$200 to clear only 5 acres of timberland. However, this will not provide sufficient hay but it is all I can do this year as we have had considerable expense on our road which was impassable for 3 weeks this spring during the breakup.

Sincerely yours,

WM. R. MACPHERSON.

PALMER, ALASKA, June 20, 1962.

Senator BOB BARTLETT,
U.S. Senate Washington, D.C.

DEAR BOB: We recommend that S. 2805, a bill to provide for a program of agricultural land development in the State of Alaska, be passed.

We need the stability which this bill offers. It is very difficult to obtain enough money to buy equipment and hire help to do the job which profitable agriculture requires. We need to develop along modern agricultural trends if we are to establish basic production from which many other occupations begin progress.

Thanks to you and to Secretary Freeman for your interest and forethought in Alaska agriculture.

Yours truly,

HENNING S. BLUNCK,
A Matanuska Valley Farmer.

Senator JORDAN. We are glad to have you here, Senator Gruening. We will be glad to hear from you now.

STATEMENT OF HON. ERNEST GRUENING, A U.S. SENATOR FROM THE STATE OF ALASKA

Senator GRUENING. Thank you, Mr. Chairman. I will file my statement for the record.

Senator JORDAN. That will be incorporated in the record in its entirety.

(The prepared statement of Senator Gruening follows:)

Mr. Chairman, the Senate Committee on Agriculture and Forestry is a good friend to Alaska. Earlier this year when the full committee was in the midst of lengthy hearings on the omnibus farm bill I requested that it consider inclusion of language which would make possible the exclusion of Alaska from such regulations as would make necessary any reduction in the production of feed grains or other crops within the 49th State since Alaska is a deficit producing area. I want to express my appreciation to you again for having approved this request.

The agriculture potential within my State is virtually untapped. In all of Alaska's 586,000 square miles the percentage which could be farmed is unknown. The famed Matanuska Valley, opened for development in the mid-thirties, has less than one-third of its tillable acres under cultivation, or 17,000 acres of the 52,000 acres which could be put into farmland.

Dr. Allen Mick, director of the State experiment station in the heart of the Matanuska Valley, believes the Alaskan agricultural potential to be production of 50 percent of the foodstuffs necessary to feed 4 million people. However, today Alaska imports 90 percent of the needs of its 240,000 residents.

Production is increasing, but distribution and marketing problems have not yet been solved.

Last year the total value of commercial agricultural production was \$5,703,500, according to our State division of agriculture's department of natural resources. The figure is 4 percent above 1960 and 24 percent above 1958.

Nearly 70 percent of the production came from the Matanuska area; the remainder coming from the Kenai Peninsula, south of Anchorage; the Tanana Valley in the interior within which Fairbanks is situated; southeastern Alaska, the Panhandle where Juneau and Ketchikan are; and other parts of western Alaska including Kodiak and islands adjacent to it.

Milk and potatoes are the two major crops in Alaska.

Plagued by high freight rates, lack of investment capital, misleading stories which make its climates appear comparable to the interior of a deep freeze, Alaskan agriculture has had a difficult time.

Homesteaders came north from the other States expecting to harvest crops on their 160 acres in a single growing season. They were unprepared in too many cases for the arduous work involved in clearing the land. I believe S. 2805 will help ease this major problem. While it does not go as far as it might, it is a first step.

One doesn't "just farm" in Alaska. Before farming can be undertaken there much hard labor and expense are required.

I have with me this morning some colored and black and white photographs mounted on cardboard which illustrate the land clearing problems in the 49th State. In a few moments I hope you can better see why S. 2805 can help develop agricultural land in Alaska.

This legislation has been authorized by my friend and colleague, Senator Bob Bartlett. I am pleased to be its cosponsor. It is a bill of modest proportions but it provides the tools for planning which will mean a great deal to our farmers.

The legislation is supported by the agencies concerned: The Department of Agriculture, the Department of the Interior, and the Bureau of the Budget. It has State support and it has congressional support.

It authorizes the appropriation over a 10-year period of \$1,250,000, excluding administrative costs but specifies that not more than \$125,000 of the total shall be spent in any one program year.

In his report to this committee, Secretary Freeman said he felt S. 2805 would serve the national interest and he discusses the high cost of land conditioning in Alaska, noting that the funds S. 2805 provides would provide for the development of probably 20,000 acres during its authorization, with a maximum in any one year of 1,500 to 2,000 acres. He assumes the cost-sharing arrangement with landowners would pay part of the cost. Secretary Freeman also reminds us that S. 2805 would help only partially to fill the gap between food needs and supply in the State.

Assistant Secretary of the Interior John A. Carver, Jr., writes that the Department favors full development of the natural resources of Alaska in accordance with sound conservation principles.

Mr. Chairman, Alaska in 1962 has not more than 400 farms. Many are of the small 10-acre type. Our reserve food supply would last less than 1 month. The need to correct such deficiencies is apparent. But cost of land clearing, starting with the removal of trees through crop planting, can in certain instances run higher than \$300 per acre.

The program suggested in S. 2805 can be administered through existing Department of Agriculture facilities within the State. The challenge presented calls for the widest use of available skills, for this program must be utilized widely; it can best be used to speed land development wherever feasible.

Many existing agricultural programs at the national level are made possible through funds available on a formula basis, depending on population of the area rather than on size. Thus, a State one-fifth as large as the entire Nation with but 240,000 residents faces problems not experienced in other States. Alaska, for example, has great need for increased Extension Service funds and personnel, yet cannot as yet bring to its citizens the wonderful aids of the Extension Service because the existing formula system simply doesn't provide funds to meet the problem. The Department recognizes the need but cannot decrease one State's allotment and give it to Alaska. Senator Ellender's bill now before the committee will help solve a part of this dilemma.

It has been a privilege to appear before you today. I should like to conclude by showing the photographs of land-clearing practices within Alaska.

Senator JORDAN. You spoke about irrigation. Where would you get the water for irrigation?

Senator GRUENING. There is plenty of water. The central part of Alaska has very small rainfall. The rainfall in the Tanana Valley, which is an important potential agricultural region, is only 11 inches, or possibly 15 inches. There is plenty of water with which you could irrigate, however.

Senator JORDAN. That would require storage dams, by that means?

Senator GRUENING. Yes—small projects. They would not have to be anything huge. The areas involved are not very large.

Senator JORDAN. Is there any water on the surface to any extent that you could get by pumping?

Senator GRUENING. Yes. You can get it from wells almost any place.

Senator JORDAN. And this would help Alaska to grow its food?

Senator GRUENING. That is the great objective. We now import 80 or 90 percent and we should be able to supply a large portion of it with the things that we could grow there.

Senator JORDAN. Transportation costs on food there are very expensive, are they not?

Senator GRUENING. Transportation is the greatest obstacle that we face; that is, the high cost of transportation. The only form of transportation that we have that is very successful is air. We have developed that both intrastate and to the States. And the CAB wants to come along and wreck it, to create a monopoly, to eliminate one carrier completely, an unsubsidized carrier, and wants to limit Northwest in their stopovers in their flights to the Orient—they want to consolidate the other two into one. That is fantastic. We have no passenger transportation by sea, and our freight rates are astronomical.

Senator JORDAN. Did you have anything else that you wanted to put into the record?

Senator GRUENING. No; nothing else.

Senator JORDAN. We will be glad to hear from you now, Mr. Larson, and to get into the record anything that you want to put into the record. And if you have anything I think it would be very helpful, and to hear from you as to what the Department has in mind. If you so desire, your complete statement will go into the record, and you can summarize this as you like.

**STATEMENT OF CARL A. LARSON, DEPUTY ADMINISTRATOR,
CONSERVATION, AGRICULTURAL STABILIZATION AND CON-
SERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. LARSON. Mr. Chairman, it is a pleasure to appear before the committee on behalf of S. 2805.

As you know, the big problem in Alaska right now is the lack of production, as the Senators have indicated.

This bill, if adopted, I think this \$125,000 would be used for land clearing and land shaping and the like.

It is anticipated that under this bill, that so far as cost sharing would be with the farmers, where they pay part of the cost, and the Government pays the other part of the cost, and it would be administered by the ASCS committee.

(The prepared statement of Mr. Larson is as follows:)

One of the major problems of Alaska is the lack of productive land. The bill S. 2805 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.

Senator JORDAN. Let me ask you this question. If a farmer buys some land, and then under this bill gets some aid in clearing it, so that he can use it, can he do that?

Mr. LARSON. This would be the intention of it.

Senator BARTLETT. There might be another purpose. Is it not true, Mr. Larson, that if a man obtained money under this program to perfect his land, as it were, and then decided to subdivide his homestead, to make a lot of money for himself out of doing it, he would have to repay any money granted to him under this program?

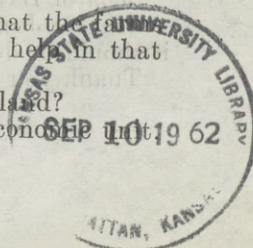
Mr. LARSON. If he got the money this year, and that happened the next year; yes. But if he did that in 5 or 10 years later, that would not be the fact. If he cleared and used it, we would not anticipate that he would pay back all of it.

Senator BARTLETT. All I meant to say is that this could not be used or should not be used in such a way that it would constitute a bonanza for anyone in trying to make money out of it.

Mr. LARSON. No. As you know, your problem is that the farms at present are too small an economic unit. This will help in that respect. That is the purpose of this.

Senator JORDAN. If he wants to purchase some other land?

Mr. LARSON. That is right. To give him a better economic unit.



Senator JORDAN. I can understand why a man cannot become an economic unit with a small patch of land. He cannot do that economically, he cannot buy machinery to work it.

Mr. LARSON. It is fantastic the size of some of the farms, with less than 20 acres.

Senator JORDAN. With less than what?

Mr. LARSON. Less than 20 acres.

Senator JORDAN. That is just a little tuff patch.

Mr. LARSON. That is the problem. They produce about 10 per cent of the total foodstuff that they need in Alaska, and if they could increase that, it would help. It would save a tremendous cost to the people.

Senator BARTLETT. Someone told me in Fairbanks who seemed to know all about it that milk went up to \$1.09 a half gallon, and then it came down to 88 cents a half gallon.

Senator JORDAN. When it was brought in from the States?

Mr. LARSON. It was brought in from the States; yes.

Senator GRUENING. We are producing quite a bit of it locally now. We succeeded a number of years ago in getting the armed services to buy local milk. We were bringing it all in before. There was quite a cost on bringing it up on the boat. Now the Army is taking most of the milk.

Senator BARTLETT. Again, we do not raise enough to satisfy our needs.

Senator GRUENING. No.

Senator BARTLETT. I want to say, also, that I heard that the milk tankers are still going up there from Rochester, Minn.

Senator JORDAN. How do they get there?

Senator BARTLETT. By tankers.

Senator JORDAN. By boat?

Senator BARTLETT. On the highway. The highway is good enough.

Senator JORDAN. Is that highway good enough to get a tanker over it?

Senator BARTLETT. Yes. They do it every day.

Senator JORDAN. They they must have fixed it up. Go ahead, Mr. Larson.

Mr. LARSON. That is, briefly, our statement of the Department.

Senator JORDAN. And the Department recommends this?

Mr. LARSON. We recommend the bill; yes, sir.

Senator JORDAN. I understand that the Department of the Interior, also, recommends the bill.

Mr. LARSON. Yes, sir.

Senator JORDAN. We appreciate your being with us today, Mr. Larson, and giving us the view of the Department of Agriculture.

Just as soon as possible I will get the subcommittee together and we will report this to the full committee.

Senator BARTLETT. Thank you.

Senator JORDAN. And I hope that we get favorable action.

Senator BARTLETT. We need it.

Senator JORDAN. I, personally, think it is a good bill and think that it should be done.

Thank you very much.

Senator BARTLETT. Thank you.
Senator GRUENING. Thank you.
Senator JORDAN. We will stand adjourned.
(Whereupon, at 12 noon, the subcommittee adjourned.)

○



James H. Murray, Editor
Kansas Historical Society
Kansas State Capitol
Topeka, Kansas
The following is a list of the members of the
Committee on the Constitution of the State of Kansas.

