

GOVERNMENT

Storage

1010

88/4
Ag 8/1
Se 2

Y4

Ag 8/1

Se 2

ESTABLISHMENT OF ADDITIONAL OFFICE OF ASSISTANT
SECRETARY OF AGRICULTURE

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 3850, H.R. 5126, and H.R. 5139

APRIL 26 AND MAY 6, 1963

Serial L

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1963

20-053

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION



AY
1/8 2A.
S 92

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

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

GEORGE GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
WATKINS M. ABBITT, Virginia
PAUL C. JONES, Missouri
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
D. R. (BILLY) MATTHEWS, Florida
FRANK A. STUBBLEFIELD, Kentucky
RALPH R. HARDING, Idaho
G. ELLIOTT HAGAN, Georgia
GRAHAM PURCELL, Texas
JAMES H. MORRISON, Louisiana
BENJAMIN S. ROSENTHAL, New York
ROBERT B. DUNCAN, Oregon
ALEC G. OLSON, Minnesota
ROBERT L. LEGGETT, California
SPARK M. MATSUNAGA, Hawaii

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

RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*
HYDE H. MURRAY, *Assistant Clerk*
JOHN J. HEIMBURGER, *Counsel*
ROBERT C. BRUCE, *Assistant Counsel*
FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

H.R. 3850, a bill to establish an additional office of Assistant Secretary of Agriculture, and for other purposes	Page 1
H.R. 5126, a bill to establish in the Department of Agriculture an office for two additional Assistant Secretaries, one of whose prime responsibility shall be forest resources, and for other purposes	1
H.R. 5139, a bill to establish in the Department of Agriculture an office for two additional Assistant Secretaries, one of whose prime responsibility shall be forest resources, and for other purposes	2
Statement of:	
Baldwin, Donald, director of legislative relations, National Lumber Manufacturers Association	56
Freeman, Hon. Orville L., Secretary of Agriculture, U.S. Department of Agriculture	3
Hansen, Hon. Julia Butler, a Representative in Congress from the State of Washington	68
Hern, Jack, president and general manager, Regulus Stud Mills, Inc.	83
Olsen, Hon. Arnold, a Representative in Congress from the State of Montana	56
Parsons, Jim, manager, North Idaho Economic Development Association, Inc.	74
White, Hon. Compton I., Jr., a Representative in Congress from the State of Idaho	48, 73
Communications submitted to the committee:	
Callaghan, John, secretary, California Forest Protective Association, telegram of May 6, 1963	71
Cox, James J., Jr., secretary, Southwest Pine Association, letter of May 3, 1963	70
Craig, George A., secretary-manager, Western Lumber Manufacturers, Inc., letter of May 6, 1963	93
Freeman, Hon. Orville L., Secretary of Agriculture, U.S. Department of Agriculture, report on H.R. 3850, letter of March 29, 1963	2
Glascok, H. R., forest counsel, Western Forestry & Conservation Association, telegram of May 5, 1963	94
Kimball, Thomas L., executive director, National Wildlife Federation, letter of May 8, 1963	70
Kolbe, Ernest L., forester, Western Pine Association, letter of May 2, 1963	70
Rettig, E. C., consultant, Potlatch Forests, Inc., letter of May 1, 1963	72
Smith, Spencer M., Jr., secretary, Citizens Committee on Natural Resources, letter of May 13, 1963	71
Additional information submitted to the committee:	
Regulations governing ASC county and community committees	42
"Wheat Vote Fight—USDA, Farm Groups Step up Battle Over Marketing Curb Plan," article from Wall Street Journal, April 25, 1963 ..	16

CONTENTS

1	Introduction
2	Chapter I. The History of the United States
3	Chapter II. The Constitution of the United States
4	Chapter III. The Federal Government
5	Chapter IV. The State Governments
6	Chapter V. The Local Governments
7	Chapter VI. The Judiciary
8	Chapter VII. The Executive
9	Chapter VIII. The Legislative
10	Chapter IX. The Administration
11	Chapter X. The Finance
12	Chapter XI. The Education
13	Chapter XII. The Religion
14	Chapter XIII. The Social
15	Chapter XIV. The Literature
16	Chapter XV. The Art
17	Chapter XVI. The Science
18	Chapter XVII. The Industry
19	Chapter XVIII. The Commerce
20	Chapter XIX. The Foreign Relations
21	Chapter XX. The International Law
22	Chapter XXI. The International Relations
23	Chapter XXII. The International Law
24	Chapter XXIII. The International Relations
25	Chapter XXIV. The International Law
26	Chapter XXV. The International Relations
27	Chapter XXVI. The International Law
28	Chapter XXVII. The International Relations
29	Chapter XXVIII. The International Law
30	Chapter XXIX. The International Relations
31	Chapter XXX. The International Law
32	Chapter XXXI. The International Relations
33	Chapter XXXII. The International Law
34	Chapter XXXIII. The International Relations
35	Chapter XXXIV. The International Law
36	Chapter XXXV. The International Relations
37	Chapter XXXVI. The International Law
38	Chapter XXXVII. The International Relations
39	Chapter XXXVIII. The International Law
40	Chapter XXXIX. The International Relations
41	Chapter XL. The International Law
42	Chapter XLI. The International Relations
43	Chapter XLII. The International Law
44	Chapter XLIII. The International Relations
45	Chapter XLIV. The International Law
46	Chapter XLV. The International Relations
47	Chapter XLVI. The International Law
48	Chapter XLVII. The International Relations
49	Chapter XLVIII. The International Law
50	Chapter XLIX. The International Relations
51	Chapter L. The International Law
52	Chapter LI. The International Relations
53	Chapter LII. The International Law
54	Chapter LIII. The International Relations
55	Chapter LIV. The International Law
56	Chapter LV. The International Relations
57	Chapter LVI. The International Law
58	Chapter LVII. The International Relations
59	Chapter LVIII. The International Law
60	Chapter LIX. The International Relations
61	Chapter LX. The International Law
62	Chapter LXI. The International Relations
63	Chapter LXII. The International Law
64	Chapter LXIII. The International Relations
65	Chapter LXIV. The International Law
66	Chapter LXV. The International Relations
67	Chapter LXVI. The International Law
68	Chapter LXVII. The International Relations
69	Chapter LXVIII. The International Law
70	Chapter LXIX. The International Relations
71	Chapter LXX. The International Law
72	Chapter LXXI. The International Relations
73	Chapter LXXII. The International Law
74	Chapter LXXIII. The International Relations
75	Chapter LXXIV. The International Law
76	Chapter LXXV. The International Relations
77	Chapter LXXVI. The International Law
78	Chapter LXXVII. The International Relations
79	Chapter LXXVIII. The International Law
80	Chapter LXXIX. The International Relations
81	Chapter LXXX. The International Law
82	Chapter LXXXI. The International Relations
83	Chapter LXXXII. The International Law
84	Chapter LXXXIII. The International Relations
85	Chapter LXXXIV. The International Law
86	Chapter LXXXV. The International Relations
87	Chapter LXXXVI. The International Law
88	Chapter LXXXVII. The International Relations
89	Chapter LXXXVIII. The International Law
90	Chapter LXXXIX. The International Relations
91	Chapter LXXXX. The International Law
92	Chapter LXXXXI. The International Relations
93	Chapter LXXXXII. The International Law
94	Chapter LXXXXIII. The International Relations
95	Chapter LXXXXIV. The International Law
96	Chapter LXXXXV. The International Relations
97	Chapter LXXXXVI. The International Law
98	Chapter LXXXXVII. The International Relations
99	Chapter LXXXXVIII. The International Law
100	Chapter LXXXXIX. The International Relations

ESTABLISHMENT OF ADDITIONAL OFFICE OF ASSISTANT SECRETARY OF AGRICULTURE

FRIDAY, APRIL 26, 1963

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

The committee met, pursuant to call, at 10 a.m., in room 1310, Longworth House Office Building, Hon. W. R. Poage (acting chairman) presiding.

Present: Representatives Poage, Grant, Abernethy, Jones, Johnson, Matthews, Stubblefield, Purcell, Rosenthal, Duncan, Olson, Leggett, Matsunaga, Hoeven, Teague, Short, May, Latta, Harvey, Findley, Dole, Beermann, and Hutchinson.

Also present: Christine S. Gallagher, clerk; John Heimburger, general counsel; Hyde Murray, assistant clerk; Frank LeMay, staff consultant; and Robert Bruce, assistant counsel.

Mr. POAGE. The committee will please come to order.

The committee will consider at this time H.R. 3850, H.R. 5126, and H.R. 5139, all bills to establish additional office or offices for additional Secretaries of Agriculture.

Without objection, H.R. 3850, H.R. 5126, H.R. 5139 will appear in the record at this point.

(The bills follow:)

[H.R. 3850, 88th Cong., 1st sess.]

A BILL To establish an additional office of Assistant Secretary of Agriculture, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of Agriculture an additional Assistant Secretary of Agriculture, to be appointed by the President by and with the advice and consent of the Senate, who shall receive compensation at the rate prescribed by law for Assistant Secretaries of Agriculture, and who shall perform such duties as may be prescribed by the Secretary of Agriculture.

[H.R. 5126, 88th Cong., 1st sess.]

A BILL To establish in the Department of Agriculture an Office for two additional Assistant Secretaries, one of whose prime responsibility shall be forest resources, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established in the Department of Agriculture the office of two additional Assistant Secretaries of Agriculture, one of which will have forest resources as an area of prime responsibility, which positions shall be filled by appointment of the President by and with the advice and consent of the Senate. The Assistant Secretaries of Agriculture authorized herein shall (1) be in addition to the Assistant Secretaries now

authorized by law, (2) perform such duties as may be prescribed by the Secretary of Agriculture, and (3) receive compensation at the rate prescribed by law for Assistant Secretaries of Agriculture.

SEC. 2. Section 106(a) (11) of the Federal Executive Pay Act of 1956 (70 Stat. 738) is amended by striking out "(3)" and inserting in lieu thereof "(5)".

[H.R. 5139, 88th Cong., 1st sess.]

A BILL To establish in the Department of Agriculture an Office for two additional Assistant Secretaries, one of whose prime responsibility shall be forest resources, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established in the Department of Agriculture the office of two additional Assistant Secretaries of Agriculture, one of whom will have forest resources as an area of prime responsibility, which positions shall be filled by appointment of the President, by and with the advice and consent of the Senate. The Assistant Secretaries of Agriculture authorized herein shall (1) be in addition to the Assistant Secretaries now authorized by law, (2) perform such duties as may be prescribed by the Secretary of Agriculture, and (3) receive compensation at the rate prescribed by law for Assistant Secretaries of Agriculture.

SEC. 2. Section 106(a) (11) of the Federal Executive Pay Act of 1956 (70 Stat. 738) is amended by striking out "(3)" and inserting in lieu thereof "(5)".

Mr. POAGE. The chairman of the full committee has received a letter dated March 29, 1963, from the Secretary of Agriculture which amounts to a report on H.R. 3850. Without objection, this letter will be included in the record at this point.

(The letter follows:)

MARCH 29, 1963.

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

DEAR MR. CHAIRMAN: This is in reply to your request of February 25, 1963, for a report on H.R. 3850, a bill to establish an additional office of Assistant Secretary of Agriculture, and for other purposes.

This Department recommends passage of the bill.

Since fiscal year 1953, the Secretary of Agriculture has had available to assist him in managing and directing the complex and far-reaching programs of the Department of Agriculture a top level staff consisting of one Under Secretary, three Assistant Secretaries, and an Administrative Assistant Secretary. This small group of top policy officials has been responsible for developing the policies, and directing and managing the operations, of a Department that carries out its many complex programs at over 10,000 locations in every one of the 50 States, in over 3,000 counties, in every major metropolitan area, and in 55 foreign countries.

The scope, magnitude, and complexity of the Department's operations have increased substantially since 1953, without any increase in the number of these top level policy positions to assist the Secretary in carrying out his growing responsibilities. For instance, total budget expenditures of the Department have increased from \$3.2 billion in fiscal year 1953 to about \$7.5 billion in fiscal year 1963. This increase of over 130 percent in 10 years reflects the expenditures for the new programs enacted by the Congress since 1953, such as watershed protection, conservation reserve, mandatory poultry inspection, National Wool Act, special milk program, feed grain program, and programs for the disposition of commodities under the Agriculture Trade Development and Assistance Act (Public Law 480). It also reflects larger expenditures in the strengthened areas of research, education, forest land management, the technical assistance by the Soil Conservation Service to farmers and soil conservation districts, rural areas development activities, and for price support operations. Similarly, the overall employment in the Department has increased during this same period from 62,000 average annual positions to over 95,000, an increase of 53 percent. Additional responsibilities have included the recent negotiations with the European Eco-

conomic Community, involving large percentages of our exports of wheat, feed grains, and poultry.

The span of attention of the existing top policy staff is thus being stretched ever more thinly over gradually increasing areas of responsibility, and the ability of the Secretary to effectively and efficiently discharge his many important responsibilities to the American farmer and the Nation is being progressively weakened.

The need for adequate staffing of Departments at the Under Secretary and Assistant Secretary level has been recognized in most of the other Cabinet-level agencies of the Government. Although the magnitude and scope of the activities which the Congress has authorized and directed the Department of Agriculture to carry out, measured in terms of annual expenditures and number of employees, is greater than most other civilian Cabinet-level agencies, this Department ranks ninth in the number of positions at the Under Secretary and Assistant Secretary level. Compared with 5 such positions in this Department, the State Department has 13, the Justice Department has 10, the Treasury Department has 7, and the Post Office, Interior, Commerce, and Labor Departments each has 6.

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

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

Mr. POAGE. We have with us this morning the Secretary of Agriculture, the Honorable Orville Freeman. We will be delighted to hear from you at this time, Mr. Secretary.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE, U.S. DEPARTMENT OF AGRICULTURE

Mr. FREEMAN. Mr. Chairman, members of the committee, I am grateful for this opportunity to appear before this committee. My purpose in being here is to ask your help in carrying out the responsibility which you and the Congress have placed upon the Department of Agriculture. The legislation on which I am testifying—H.R. 3850—proposes an additional top policy position in the Department. We need an additional top policy position in the Department. We need an additional Assistant Secretary. Behind the request is a story of a Department doing a job which has grown substantially in the past decade—a job which grows in response to a growing population with more people who need food to eat and clothing to wear, a place in which to relax, timber and material to build shelter, highly productive soil resources, and water to drink, to run factories, and for play and relaxation.

Since 1953, the demands made upon the policy staff in the Department of Agriculture have increased enormously. In the past 10 years, the Congress has authorized a food for peace program, a small watershed program, a rural areas development program, a series of programs to reduce the critical surplus of grain. It has extended consumer programs to insure quality and purity of meats to poultry. It has greatly expanded research activities in the production, processing, distribution, and marketing of the products of the soil. It has recognized that forests produce more than timber, and has requested fuller use of the resources of our national forests.

As the Nation has changed, and as new needs develop, the Congress has responded to the people. The programs which have come into being in the past 10 years reflect the needs of the farmer and non-farmer alike.

The Department has accepted these responsibilities willingly, and has carried out its task with diligence. However, it has been, and remains today, one of the toughest administrative jobs in the Government. Its operations are carried out in over 10,000 locations in more than 3,000 counties and in every major metropolitan center in the 50 States, and in 55 nations around the world.

The responsibilities of the Under Secretary and the Assistant Secretaries have expanded greatly and go far beyond an administrative and supervisory role. If the Government is to achieve maximum utility in providing public services, it will require close and frequent contact with the Members of the Congress by the Department's top policymakers. I myself try to always be available for discussions with those who carry out legislative responsibilities—and who are properly concerned as to how congressional policy is being executed. This responsibility of the Department's policy staff extends to the other agencies of the Government as well. Where the functions of any of the several departments and agencies coincide, progress can be maintained best by open and direct discussions to prevent misunderstandings which can grow into disagreements and to prevent duplication on the one hand and failure to act on the other. Too often the mission assigned by the Congress is delayed because of no more than a lack of communication in the executive branch. It requires competent top policy staff to maintain effective coordination among the several departments. And frequently only top policy people can adequately interpret programs to the many groups and organizations which represent individuals and firms with a direct interest in farm policies, programs, and decisions. Much time, therefore, is taken by conferences, public appearances, and meeting with delegations to keep people informed of the attitudes and actions of the Department. All of this has meant that the time of the Secretary, Under Secretary, and Assistant Secretaries—even at a 16- to 18-hour, 6-day-a-week rate—simply won't stretch to do all that needs to be done.

Further, in addition to these important responsibilities, the Department's policy staff must insure that the programs assigned by the Congress are being carried out effectively and efficiently. As an administrator myself, first as Governor of Minnesota and now as Secretary of Agriculture, I have kept in mind for years an admonition by a distinguished Member of this Congress which reads as follows:

Every legislator grows weary with the awareness of great concepts which grow meager in execution, of noble ideas corrupted in administration.

In the last 2 years we have been carrying on an intensive program of management improvement to upgrade our administrative effectiveness so this won't happen in the Department of Agriculture. It is designed principally to reduce unit costs at a time when the volume of services has increased sharply, as we would expect in a Nation which grows by some 2.7 million persons a year.

I would like to review with you briefly what has been done, first in terms of the new procedures which are geared to constant, ongoing process of internal examination, review, and improvement, and second, to set down some specific examples of actions taken by the various agencies within the Department.

We make no claims of perfection, or any generalized professions of excellence. But I am proud to report on the tremendous, dedicated

effort which Department employees are putting into this program and on the progress that has been made. It has laid the foundation for modern administrative programs as measured both by techniques and procedures and by employee morale.

Let me begin by describing some of the self-improvement procedures and the internal review machinery that has been developed as part of the departmentwide effort. We began early, in my first year as Secretary, a massive internal review of administrative procedures through a series of self-survey task forces. USDA employees manned these task forces and from them have come hundreds of administrative improvements and recommendations. Some 548 specific projects have been suggested by these employee task forces to improve administrative efficiency in the Department.

In 1961, I established the Office of Management Appraisal and Systems Development to conduct surveys of management techniques practiced by Department agencies and to plan conversion of many of the routine paper-consuming activities to automatic data processing.

One of the first tasks undertaken by this new management group was a study of how electronic computers—with the ability to make 100,000 mathematical computations a second—could be adapted to streamlining the Department's administrative and management procedures. This study became the MODE project which found that by using electronic computers to assimilate vast quantities of data we could provide rapid up-to-date information necessary for management decisions, even with a widely dispersed system of operation.

One of the first results of this project is the complete automation of the Department's payroll. We expect this to be in effect by this fall. This action also will include the personnel and accounting operations related to payroll. We estimate that the annual savings from this conversion to modern administrative techniques will amount to \$1.3 million a year—the 1964 budget already reflects this saving—and will allow us to handle in one place the personnel work previously done in 130 offices and the payrolling done in 87 offices.

Eventually the use of computers within the administrative area will help us measure how effectively expenditures and manpower are being used, the degree of progress—or lack of it—in programs assigned to us by the Congress, and provide greater opportunities for the exceptionally qualified person to advance to more challenging jobs within the Department.

We also have been very concerned with the need to break down the barriers of understanding which are barnacles on any bureaucratic structure, either public or private. Within the Department, top rank civil servants with administrative and management responsibilities in an agency often do not have personal contact with their counterparts in other agencies. They may know their name, but they are unfamiliar with their counterpart's administrative or management problems. In addition, many of these people are scientists or technical experts first, and have subsequently learned by experience the rules and practices of how to manage an agency. In many cases, this experience is limited to their particular field, although the problems of administration and management are universal. As a pilot project, we have established a series of executive seminars which expose these administrators to the national, local, and international currents which

affect the operation of the Department, and which give them an opportunity to discuss management problems within their respective agencies.

As an outgrowth of the recommendations of the employee self-survey task force recommendations, we began in 1961 to consolidate agency field offices at the State and county levels. The purpose here is to provide a one-stop service for persons doing business with several Department agencies as well as a centralized management service for such things as space needs, office supplies, personnel, and other common housekeeping functions. Currently, offices in 26 States have been or are being consolidated under 1 roof, and offices in 1,273 counties—over 40 percent of those where USDA agencies operate—are in the same process.

Most recently, in respect to our departmentwide improvements, we have established an Office of Inspector General responsible to the Secretary. All internal audit and investigation duties have been transferred to this office to provide departmentwide flexibility and use of manpower. The consolidation of these functions also eliminates the need for cumbersome liaison arrangements essential when these functions were located in individual agencies.

These and other examples of broad administrative improvements, including the pioneering effort through the MODE project, are treated in greater detail in the attached report on "Progress in Management Improvement."

Let me turn now for a moment to some of the specific examples within the agencies where management reforms and advances have been and are being made.

Perhaps the most significant improvement has been made within the Agricultural Stabilization and Conservation Service where a complete reorganization is nearly completed. It involves not only a realignment of functions within the Washington office but also a consolidation of commodity offices in the field.

In the reorganization we have sought to create a direct line of operating authority from the field to the Secretary's office. That line runs from the county ASC office to the Secretary through the ASCS administrator and the Assistant Secretary for Stabilization and Marketing. What was once confusion between staff and line responsibility is now clear. The number of operating divisions in ASCS has been reduced from 5 to 3 and the number of functioning units from 34 to 22. These changes have been completed.

While these changes were occurring here, there was even greater activity within the regional commodity offices. We established in November 1962 a data processing center in Kansas City where we will store in one computer all accounting data for grain under loan or in Government inventory. It is being put to profitable use for the taxpayer. It has greatly improved our ability to rapidly move or sell large amounts of grain because we can maintain daily tallies of the more than 1 million grain producer accounts under USDA management together with records of 750,000 grain warehouse receipts.

With the application of computer technology to the recordkeeping needs of grain under loan or in Federal inventory, we have been able to consolidate the functions of the regional commodity offices at four locations rather than the seven required just 2 years ago. The closing

of the three offices has not interrupted the high performance standard of our regional offices, and it has enabled us to revise downward by \$2.2 million the CCC budget request for operating funds in 1964.

Another project here in Washington which we recently completed is the centralization of the management support services for 17 of the Department's smaller offices and agencies under a single Office of Management Services. This has worked so successfully that we are in the process of applying the same principle to other agencies which maintain separate management service operations for individual divisions.

We also are in the process of modernizing our mailing operations to handle much of the detailed recordkeeping through automatic data processing. We now maintain 600,000 file cards of individuals and organizations requesting one or more of the Department's regular publications. It now requires over a month to change an address. This time will be cut to less than a week under the new system.

Automatic data processing also has been successfully applied to forest management operations and to forest research at a savings of over \$1 million a year. We are now able to store voluminous quantities of forest survey data covering 186 million acres of national forests to maintain current information on timber that can be cut.

In the Soil Conservation Service, we have applied ADP to maintain up-to-date information on the extent to which local soil conservationist work plans have been completed. May I deviate to say this is an interesting management experiment that we hope to expand, that you can measure in terms of the number of feet or yards or acres of contouring, of tilling, of soil conversion, of drainage, or whatever it might be, and you can relate that to the time that is put in, you can relate that to the money that is appropriated. And then by programing this you can get periodic progress reports as to the kind of progress you are making and the kind of returns you are getting in terms of measurable criteria.

Now the Agricultural Stabilization and Conservation Service is doing this also in their work. It is done to some extent in private industry. It is becoming more feasible and we anticipate under the MODE system in the not too distant future that the Secretary of Agriculture may have laid on his desk every week a chart that may come out of some of these automatic data-processing machines that will just say, "These agency programs spent this much money; in terms of progress they got this far; they failed to get this far." So you would have an overall check on everything that went in a wide-flung operation and once something deviated from the norm of what it ought to be, of what ought to be appropriate progress, you would be alerted and you could start digging to see if this was just an anticipated kind of delay or whether there was something taking place that you ought to know about.

We try to find that out by daily review today, but it is a much looser kind of thing and involves a great deal more difficulty. This allows greater flexibility in the use of manpower, and provides annual savings of \$500,000 in administrative costs.

These are only some of the major reforms and reorganizations and improvements the Department has made in the past 2 years to increase its effectiveness in serving the public and carrying out the duties which

the Congress has assigned. There are many others which, though minor, are important. They add up to a steady and strong current of improved efficiency and economy.

It would be a mistake, however, to assume that these actions will necessarily mean fewer employees or lower budgets as a whole. Regardless of how high a level of efficiency is attained, more people will be necessary if the volume of services rendered increases. And, of course, the services we perform today are related—as they always have been—to the growing number of people living in the United States and to the nature and extent of the programs Congress gives the executive branch to perform.

Last year a proposal was made on the floor of the House that Congress limit the number of employees of the Department to the number of farmers. It highlighted the frustration of many Congressmen at the inability to keep the Federal agencies in general and the Department of Agriculture in particular from growing in total numbers of employees.

Many people chuckled about the proposal, but it would have been useful if the witty Congressman had asked and answered this question: Why does government at all levels—Federal, State, and local—whether under Republican or Democratic administrations—grow each year in total numbers? And I might add that State and local governments have grown significantly faster in numbers of employees, in amounts of money expended, and in the level of the debt. So this I think is an appropriate question. With that question in mind may we take a quick look at the Department of Agriculture.

In the past decade, Department employment has increased by 32,473 man-years, but only 6 percent of that has come in ASCS, the agency which deals most directly with farmers, and that increase was due primarily to the staggering increase in the volume of commodities under CCC management. As we continue to administer the programs enacted by the Congress to reduce surpluses, we can anticipate a continued gradual reduction in manpower needs in this area.

Most of the remaining 94 percent of the increase has come in areas and programs where services benefit all Americans as consumers of food and fiber and as users of soil and water resources. These are services requested by the people and voted by the Congress.

In the last 2 years, employment in the packers and stockyards program, which protects producer and consumer alike, increased by about 34 persons, while at the same time the number of market dealers and agencies registered under the Packers and Stockyards Act increased by 5,700, and the number of packers supervised increased by 700.

In poultry inspection services, the number of employees increased by 20 percent while the volume of poultry products increased by 38 percent.

By early 1963, the number of persons receiving food through the direct distribution program had more than doubled from 2 years earlier, but the increased workload is being handled with a 40 percent increase in employment.

In the past 10 years, the number of recreational visits to the national forests has increased by more than 218 percent. In 1962, total visits exceeded 113 million. This is only one of the increased pressures on the resources of our national forests. Each activity—whether it pro-

vides better recreation opportunities, more timber to supply the mills, or better rangeland or improved protection of water and timber resources—can be performed but it requires people to do the job. Forest roads and trails, picnic and camp grounds and firefighting can't be accomplished without bodies to do the work.

In 2 years, the number of small watershed programs authorized for construction has more than doubled and those authorized for planning have increased about 70 percent. In areas where such projects are being completed, new industries are developing, recreation opportunities are expanding, and water supplies are becoming stabilized. During the same period, total paid USDA employment in Soil Conservation Service has increased less than 3 percent.

Since 1960, the Farmers Home Administration has expanded its volume of dollars loaned by more than 160 percent, and is now providing housing credit services to the aged and to nonfarm rural residents where adequate private capital is not available. Rural community water systems are also being financed by the agency. FHA has shouldered the increased workload with a 4 percent increase in manpower, and last year actually did the equivalent work of 260 extra employees through overtime without compensation.

In the past 10 years the Congress has authorized 64 new research facilities under USDA supervision which require a combined staff of over 1,750 persons. The need for this is obvious since we live in an age where progress is determined by the level of scientific and technological achievement. And in agriculture and its related areas, as in few other industries, the basic and applied research which leads to improved efficiency on the farm and more effective distribution of our food abundance has been and is to a large extent dependent on research performed by the Department of Agriculture.

Agriculture exists today on a nervous balance between too much which could very quickly become not quite enough. Research helps to assure that we can avoid the human disaster of the latter, and intelligent legislation can help avoid the shattering economic consequences of the former.

But the role of research extends far beyond this. Only recently we successfully completed a test project—a research project—to determine if fresh fruits and vegetables could be shipped from this country to Europe with special constant temperature containers. Thus research helps open new markets abroad for our farm products. Not too long ago, USDA scientists perfected an applejuice concentrate. As a result, a new plant is being planned in a rural area near Yakima, Wash. Research provides new products which serve the consumer, creates new markets for farmers, and provides jobs in the rural community.

Research also is required to help us live more safely with the products of the research laboratory. In the past 15 years, the growth in the use of pesticides has been enormous, not only in commercial agriculture but at the consumer level as well. We need to know more about the ultimate effects of these pesticides on plants and animals and humans. We also need to develop far more sophisticated pesticides and techniques of pest control. The field of biological controls is promising, as is the area of selective pesticides, chemicals that affect only one or two pests. Here, also, more extensive research is needed.

The story of the screw-worm, the story of the fruit fly, are well known to the members of this body.

I have stressed the importance of research for two purposes. One is because I intend, if the Congress approves, to seek out the most competent person I can find as an Assistant Secretary for Research and Education. This office would give overall supervision to the research activities carried on now primarily in the Agricultural Research Service and would also have responsibility for the Federal Extension Service. It would maintain close and continuing relations with the Nation's land-grant colleges and universities.

The second purpose is to emphasize the changing nature of the Department's role in a rapidly changing society. We now have three Assistant Secretaries, the same as we had in 1960, but their function has changed markedly. Two years ago there was no Assistant Secretary for Rural Development and Conservation, but 2 years ago we were only vaguely aware that the farm problem is as essentially a rural community problem as it is a commodity problem. Two years ago we did not have an Assistant Secretary for International Affairs, but 2 years ago few people understood the basic importance of agriculture to international trade and to our responsibilities in the free world toward the developing nations. Our exports of farm products are increasing. The Department is cooperating today more fully than ever before with the State Department in planning and policy formation on farm policy in relation to the European Common Market. We are involved in a greatly expanded and more aggressive trade development program to expand oversea markets for U.S. farm products. And we are maintaining close liaison and are cooperating actively in foreign aid programs designed to assist the developing countries—agrarian nations which we must help to grow as free nations.

The three Assistant Secretaries and the Under Secretary, together with an Assistant Secretary for Administration and my close staff associates, are the key policy officials who serve with me in the Department. They are doing an extraordinary job, but it is increasingly clear that their talents are being spread too thinly. As their capacity is overtaxed, it leads to the kind of situation where my own ability to carry out my responsibilities to the Congress and to the people can be progressively weakened.

The supervision and direction of the very substantial research activities within the Department and those carried out in cooperation with the State experiment stations and the Extension Service as it now stands must be handled either by the Under Secretary or myself, and presently we are not able to give adequate time to an area which is of vital importance to farmers and nonfarmers alike.

The relationship between the Department and the land-grant colleges and universities has always been and must remain close and harmonious, and this need can only be filled with a top policymaker with direct access to the Secretary and the other staff people to help determine Department policy.

I believe that the enactment of H.R. 3850 will fill a gap which now exists in the top offices of the Department, and I urge this committee to give it full support.

Mr. POAGE. We are very much obliged to you, Mr. Freeman, for the explanation of the need for an Assistant Secretary. Do the members care to discuss the matter with the Secretary?

Mr. HOEVEN. Mr. Secretary, you now have three Assistant Secretaries of Agriculture?

Mr. FREEMAN. Yes, sir.

Mr. HOEVEN. There is another bill by my colleague from Montana, Mr. Olson, which asks for two Assistant Secretaries. Are you in accord with that legislation?

Mr. FREEMAN. I could use two, Mr. Hoeven, but the Secretary of Agriculture is very conservative and has learned not to ask for too much. It is better to ask for what you might have a chance to get.

Mr. HOEVEN. You will be satisfied to get one?

Mr. FREEMAN. Yes, sir; I will be very pleased.

Mr. HOEVEN. What salary do you propose to pay a new Assistant Secretary?

Mr. FREEMAN. It would be at the present statutory rate, which is \$20,000.

Mr. HOEVEN. What staff would he need?

Mr. FREEMAN. He would have no staff except that he might have someone serve as an executive assistant or secretary in helping him to schedule his work. That would be a matter of organizing his own operation with present assisting personnel.

Mr. HOEVEN. You don't contemplate hiring any new people to fill the staff needs of that office?

Mr. FREEMAN. No, sir.

Mr. HOEVEN. Mr. Secretary, a lot of us are concerned about the growing bureaucracy in Washington and the increased Federal payroll, not only in your Department but in other departments of Government. I am wondering whether the time hasn't arrived for you as Secretary of Agriculture to put a ceiling on employment in your own Department. What do you think about that?

Mr. FREEMAN. As I tried to point out, Mr. Hoeven, in this statement, we are really concentrating on the matter of personnel and struggling to do more work and to use our employees more effectively and efficiently; but if the population in this Nation continues to grow, if their use of various services that are made available becomes greater, why you can't do a job without people. And I must say to you that I think it is a reasonable prediction that when we have 200 million people in the United States instead of 185 million that we will probably have more people in the Federal Government than we have today.

Mr. HOEVEN. So you can see nothing but a vast increase in the Federal bureaucracy in Washington?

Mr. FREEMAN. I wouldn't put it in those words.

Mr. HOEVEN. Well, more Federal employees means a more expanded Government, doesn't it?

Mr. FREEMAN. Not necessarily. I would say if the Congress saw fit to cut back on the services that are taking place, if this committee voted there shouldn't be any small watershed program, any Soil Conservation Service, that there shouldn't be any school lunch program, that there shouldn't be any forestry program and that we should turn back the national forests, we would certainly have fewer Federal employees.

Mr. HOEVEN. I don't think that is the criterion at all. We often have more efficient service with less employees in departments of Government.

Mr. FREEMAN. I think there is a measure of truth in this and may I say we are exerting every effort to hit the highest level of efficiency and in a number of operations—I would just pick one—despite the increase in operations in the Agricultural Stabilization and Conservation Service there are actually fewer employees on the Federal payroll than there were 2 years ago.

Mr. HOEVEN. In that connection may I call your attention to the figures from your own Department, which shows that in the fiscal year 1961 you had 102,557 employees and for fiscal year 1964 you are asking for 121,583, which is an increase of over 18,000 in a 3-year period.

Mr. FREEMAN. As Mr. Hoeven well knows, it is a question of when, what date, and what figures you are going to use to measure the number of employees that you have. I think that the most accurate is to use the average annual employees. In this instance we expect an increase of only about 900 employees in 1964 compared with 1963. An increase actually from 95,127 to 96,031. Actually it had been revised downward to 95,782, an increase of just about 650 in the total program where there has been a substantial increase in the services, and we have been able to do this because we have put into effect labor saving and more efficient practices.

Mr. HOEVEN. Then you don't agree with the figures given us by the Bureau of the Budget?

Mr. FREEMAN. What you are using in this instance is a head count at a particular time and I don't think that is an accurate or representative figure.

Mr. HOEVEN. Isn't that the way they take the census?

Mr. FREEMAN. I don't see the validity of the comparison.

Mr. HOEVEN. The census takes a head count at a certain time.

Mr. FREEMAN. Yes, at a particular time.

May I explain that?

Mr. HOEVEN. Yes.

Mr. FREEMAN. In 1 year or 1 month we may very well have substantially more employees. If, for example, we have an outbreak of forest fires we are going to put a lot of people, maybe thousands, on the Department's payroll to fight fires. Then they may be there for a month or 2 months. And you can take any particular date and you can come out with about what you want to: either figures that I would like to present to this committee, or figures that you might like to put me on the spot with in this committee. But I think the representative one is to take an average annual total—this is the most meaningful figure—which shows that in a department this large, with a substantial use of its services, with an expansion of watersheds, with more poultry inspection, with more meat inspection, with millions more people using national forests. We will have about 650 more people on the Federal payroll next year because we have been cutting the people, not adding them, basically.

Mr. HOEVEN. Then are you questioning the figures given us by the Bureau of the Budget?

Mr. FREEMAN. No, I am just saying this is not a representative figure of the essence of what I understand your question to be, which is, are we or are we not really adding more people to the Department of Agriculture? My answer to that would be, a few; but on the most

accurate basis only a very few and certainly not as many as the increase in services would justify at a constant level of efficiency.

Mr. HOEVEN. Well, may I say to you, Mr. Secretary, that according to the Bureau of the Budget employment in the Department of Agriculture as of June 30, 1962, was 110,511. In 1963 the estimate is 116,268. In 1964 the estimate is 121,583. This all shows a gradual increase in employment.

Mr. FREEMAN. These figures are as of June 30 each year which is the height of the field season, and I wouldn't quarrel with those figures. But I would want beside them the record to show that the average annual employment in the Department for 1963 was 95,127 and that the average annual employment in the budget is estimated for fiscal year 1964 as 95,782, which is approximately 650 more and for very widely expanded services. In many functions—for example, right here in Washington and throughout the country in the agricultural stabilization and conservation program, which is the one most intimately directed to the farmer, we have substantially fewer employees. There is a reduction of 198 in Washington, and in the overall we have 249 fewer man-years of employee time as a result of administrative improvements.

Mr. HOEVEN. So you contend there is a gradual decrease in employment in the Department of Agriculture?

Mr. FREEMAN. I contend there is a gradual decrease in employment in the Agricultural Stabilization and Conservation Service. I would not say that in the years ahead as our country grows that we are going to be able to accomplish expanding services with fewer people. I asserted this in my statement and I wouldn't want to mislead this committee or anybody to that effect. Some increase of employment is likely unless the Congress saw fit to eliminate some of the services to which I have directed attention.

Mr. HOEVEN. Now, Mr. Secretary, the charge has been made that you are using employees of the Department of Agriculture for political purposes in trying to influence a favorable vote in the wheat referendum; is that true, or not?

Mr. FREEMAN. No, sir.

Mr. HOEVEN. May I read to you part of an article from the Wall Street Journal of yesterday—April 25, 1963—by Mr. Joe Western, staff reporter, who is a reputable writer as far as I know. This is what he says:

Agriculture Secretary Freeman is mobilizing all his department's vast field organization to "explain" the control plan to voters. A series of informational sessions in over 2,000 wheat-raising counties is beginning; perhaps 27,000 full-time and part-time Government employees will be involved. Four million copies of seven different explanatory booklets are being circulated. Last year, there were two pamphlets and 2.4 million printings. * * * A special Freeman emissary, former Republican Congressman Phil Weaver, of Nebraska, is crisscrossing Wheat Belt States speaking to chambers of commerce, Rotary clubs, and other groups in behalf of the control plan. TV films and radio tapes starring Mr. Freeman have been sent to some 300 broadcasters. In part he hits directly at farmers' pocketbook interests.

Now, is that statement true or isn't it?

Mr. FREEMAN. Partly.

Mr. HOEVEN. I am asking you whether it is true or not.

Mr. FREEMAN. I am answering you. I said it is partly true.

Mr. HOEVEN. What is true in part?

Mr. FREEMAN. It is true the Department is seeking to bring to every voter in the wheat referendum information as to the law that was passed by the Congress and as to the alternatives if he votes "yes" or if he votes "no." As I understand this, it is my responsibility under the law to do this and I am doing it. To the extent there is an inference that the Secretary or the Department is conducting a campaign, per se, for a "yes" vote, that is not true.

Mr. HOEVEN. Isn't it the Secretary of Agriculture's function in a referendum to be a referee rather than be an actual participant in one way or another to try to influence an election?

Mr. FREEMAN. This is the function I am seeking to perform, Mr. Hoeven.

Mr. HOEVEN. You are not trying to influence the vote?

Mr. FREEMAN. We are trying to bring information. I am not trying to tell any farmer how to vote. I have said expressly many times and I have so directed the Department that it is not our function to tell any farmer how to vote, but it is our responsibility to bring him information so that he will know what the issue is when he votes. And that is what we are doing.

Mr. HOEVEN. Have you any knowledge about the TV films and radio tapes starring Mr. Freeman being sent to some 300 broadcasting stations?

Mr. FREEMAN. There was one television film at the time I announced the wheat referendum and announced under what terms the referendum was held by way of the different levels of support and the other factors. That was not a film to exhort the farmer how to vote. I so stated explicitly. I asked him to check with all sides, that this was an issue upon which there were strong differences of opinion and he ought to inform himself about both sides and that the Department was available and desirous of helping get him the information that he might want. That was the only film that has been circulated.

Mr. HOEVEN. Is it true that former Congressman Phil Weaver of Nebraska is crisscrossing the Wheat Belt States speaking to chambers of commerce, Rotary clubs, and other groups in behalf of the control plan?

Mr. FREEMAN. I don't really know. Mr. Weaver is working with the ASCS group. He may very well be responding to speaking invitations to explain the alternatives in connection with the wheat referendum.

Mr. HOEVEN. What is his function in the Department of Agriculture?

Mr. FREEMAN. Very frankly, I would like to submit that for the record. I don't know.

Mr. HOEVEN. But you did employ him?

Mr. FREEMAN. I employ a lot of people I don't know, Mr. Congressman.

Mr. HOEVEN. Is he an assistant to somebody?

Mr. FREEMAN. I will be happy to submit it for the record.

Mr. HOEVEN. You don't know what his function is?

Mr. FREEMAN. No, sir. Not exactly. He works for the Agricultural Stabilization and Conservation Service. They have many thousands of employees and they hire and fire many every day and I just don't know about all of them.

Mr. HOEVEN. What are his duties, do you know?

Mr. FREEMAN. I don't know. I will be happy to give a definition of his service and put it in the record.

Mr. HOEVEN. It couldn't possibly be that he is a Department lecturer at this crucial time, just preceding the wheat referendum?

Mr. FREEMAN. No, I am sure that is not the case.

(The Department later submitted the following information concerning Mr. Weaver:)

Mr. Philip H. Weaver of Falls City, Nebr., received a temporary appointment, effective January 20, 1963, as a consulting expert on the immediate staff of the Administrator, ASCS (the Executive Vice President, CCC), in grade EC-15, at a salary rate of \$17,925 per annum. His temporary appointment runs through June 30, 1963. His assigned duties require him to provide expert advice and assistance to the Administrator and other Department officials in determining the effects of the 1963 wheat and long-range wheat programs on the wheat price support and related programs of CCC. These duties require service both in Washington, D.C., and in the field on official travel.

Mr. Weaver entered on duty with ASCS by reappointment from the Agricultural Marketing Service, without a break in service. He served as an assistant to the Administrator, AMS, in grade GS-15, \$17,925 per annum, on special marketing and distribution programs and projects from January 3 through January 19, 1963.

Mr. POAGE. Mr. Secretary, if the Wall Street Journal feels that explaining the wheat program is campaigning for the wheat program, it would occur to me that there must be a recognition on their part that the wheat program as proposed is pretty good, because if an explanation of it is calculated to cause people to vote for it then it must be a pretty good program. Is that a reasonable conclusion?

Mr. FREEMAN. I would agree, Mr. Chairman.

Mr. POAGE. It would seem to me that it is plain that most of the complaints which have been largely lodged as a result of a fear on the part of the opponents that if the public knows just what is involved that the public will feel, as I feel, that it is a good program. And that the wheat farmers are more likely to approve of the program if they are familiar with the program than they are if they are kept in ignorance of what is in the program. That seems to me to be a perfectly reasonable conclusion. It seems to me it follows from that that possibly this criticism of your actions grows out of an unwillingness to let the public know what they are to be voting on. I know we had a little experience of that kind yesterday when the suggestion was made that these wheat farmers should not know what the feed grain program is going to be at the time they voted.

You remember the blinders we used to put on the mules. I think some of the opponents have in effect said:

"Let's put a pair of blinders on every farmer and then maybe we can induce him to vote against his own interest."

That is just about what is involved in much of this discussion. I don't see that it is very pertinent to the question of whether we need an Assistant Secretary of Agriculture.

Mr. MATTHEWS. I just wanted to make this observation.

Mr. Secretary, I have a great deal of trouble in getting facts about different things. You know up here, sir, we have pressure groups that operate. Frequently—and some are friends of mine, too—they will give me facts and figures that sometimes I don't think are, you might say, 100 percent accurate. I know they are sincere but the idea of a

television film about wheat is intriguing to me. I think it would probably be a wonderful thing if we could get other television programs to give our farmers facts, and this is my question: Do we have a television program available on feed grains? I don't believe we have, do we, sir?

Mr. FREEMAN. Not to my knowledge, Congressman.

Mr. MATTHEWS. If we do have, may I put in the first request. I would like to make it available to the wonderful farm groups in my area to give them specific facts. To me, Mr. Secretary, that is very important and I think you have done a great job in getting these facts before the American people. I just want to thank you.

Let me emphasize again if you do have a TV film on the feed grains program I surely would like to get it.

Mr. FREEMAN. Thank you, sir.

Mr. HOEVEN. Will the gentleman yield?

Mr. MATTHEWS. I will be delighted to yield if I have the floor.

Mr. HOEVEN. I assume the gentleman would like to have the film shown before May 21.

Mr. MATTHEWS. Well, no, sir; not particularly.

Mr. JONES. Mr. Chairman, I wonder when the gentleman from Iowa includes in the record this Wall Street Journal article, if he will include the entire article.

Mr. HOEVEN. I will be happy to do so because it is quite revealing. I ask unanimous consent that the entire article be inserted in the record at this point.

Mr. POAGE. Without objection, it will be included.

(The article follows:)

[From the Wall Street Journal, Apr. 25, 1963]

WHEAT VOTE FIGHT—USDA, FARM GROUPS STEP UP BATTLE OVER MARKETING CURB PLAN

FREEMAN SAYS A MAY DEFEAT WOULD LOWER PRICE; FARM BUREAU SEES REGIMENTATION—NEW VOTERS COULD HOLD KEY

(By Joe Western, Staff Reporter of the Wall Street Journal)

A farm belt election campaign without a single flesh-and-blood candidate is arousing sound and fury rivaling the hottest political personality contests.

The battle is over proposed tight new Federal controls on wheat, designed to hold down persistent surplus production. Some 2.3 million wheatgrowers are eligible to vote May 21 on whether to accept the controls.

If two-thirds approve, there will be a limit next year for the first time on the number of bushels each grower can sell at present high Government-supported prices. Past controls have simply restricted the number of acres planted, leaving farmers free to boost yields with heavy fertilization and other techniques.

If voters turn thumbs down, controls will stay looser and price supports could fall sharply, unless Congress quickly comes up with an alternate plan.

Kennedy backing plan

Working for a "yes" vote are the Kennedy administration and a coalition of half a dozen major farm groups called the National Wheat Committee. All argue for bushel controls as the best way to cut the costly wheat glut and keep farm income up.

The drive for a "no" vote is led by the 1.6-million-member American Farm Bureau Federation. With a rallying cry of "freedom," the Farm Bureau camp charges that tight market controls would mean unwanted, unneeded regimentation in agriculture.

Wheat farmers have approved planting controls by the required two-thirds majority every year since the annual elections began a decade ago. But this year there are two major elements of uncertainty for which history provides no reliable guidelines. No one knows how wheat farmers will react to marketing controls. And some 1.4 million farmers who grow less than 15 acres of wheat each have been authorized by Congress to vote for the first time. These newcomers, many of whom are large-scale growers of other crops, constitute 60 percent of the eligible voters.

With the outcome so much in doubt, both sides already are waging a war of words from Ohio and Kansas to North Dakota and Oregon. Uncounted dollars are being spent. It's estimated that a larger percentage of eligible farmers will vote than in past elections. Last year, in a typically lethargic turnout, only 28 percent of the 900,000 eligible farmers voted.

Freeman mobilizes Department

Agriculture Secretary Freeman is mobilizing all his Department's vast field organization to "explain" the control plan to voters. A series of informational sessions in over 2,000 wheat-raising counties is beginning; perhaps 27,000 full-time and part-time Government employees will be involved. Four million copies of seven different explanatory booklets are being circulated. Last year, there were two pamphlets and 2.4 million printing. "We're doing a lot more than we would if the Farm Bureau weren't after us," a Federal official concedes.

A special Freeman emissary, former Republican Congressman Phil Weaver, of Nebraska, is crisscrossing Wheat Belt States, speaking to chambers of commerce, Rotary Clubs, and other groups in behalf of the control plan. TV films and radio tapes starring Mr. Freeman have been sent to some 300 broadcasters. In part, he hits directly at farmers' pocketbook interests. "With a 'yes' vote," he tells audiences, "the price of wheat will be \$2 a bushel; with a 'no' vote, \$1 a bushel."

There are no legal restraints on administration propagandizing, but some critics have questioned the propriety of open Agriculture Department pressure to sway the outcome. Hence, much of the ball carrying is being left to others. Powerful farm State Democrats, including Senate Majority Leader Mansfield, of Montana, and House Majority Leader Albert, of Oklahoma, are calling for a "yes" vote and warning that Congress won't rush in with a stopgap wheat law if the control plan is rejected.

The National Wheat Committee, led by M. W. Thatcher, of the National Federation of Grain Cooperatives, is striving to set up citizens' committees of farmers and businessmen to work for a "yes" vote in nearly every wheat-growing county.

Six groups help

The National Wheat Committee's six affiliated organizations, with a combined membership of 1.8 million, are helping mightily. They are the National Grange, National Farmers Union, National Association of Wheat Growers, National Federation of Grain Cooperatives, Missouri Farmers Association and National Farmers Organization.

Farmer-owned grain co-ops in Montana and South Dakota are buying newspaper ads urging "yes" votes. The Washington State Association of Wheat Growers is staging nightly debates across the State, confidently presenting the control plan to audiences and then letting opponents have equal time. The North Dakota Farmers Union has completed a round of 53 county meetings and plans a farm-by-farm campaign to buttonhole all 200,000 wheat growers in the State. North Dakota's Democratic Governor William L. Guy is plumping for the new controls; so is Republican Senator Young, though he voted against the enabling legislation last year.

Some organizations pushing for "yes" vote count their greatest membership strength in the Great Plains, where many farmers are dependent on wheat for most of their income. Most independent observers agree with USDA officials that the "pocketbook" interest—ignoring philosophical considerations—of such farmers lies in a "yes" vote. The USDA contends price drops that would occur if price supports coupled with strict controls are rejected could next year lop \$700 million from farmers' wheat income, expected to hit \$2.3 billion this year. Analyses by a dozen land-grant college specialists generally support this estimate.

On the other hand, farmers who principally raise corn and livestock and grow wheat as a sideline might be little affected financially by a "no" vote. Many such farmers are among the newcomers who will be voting as a result of removal

of the 15-acre minimum. It is estimated, for instance, that there are 500,000 potential new voters in the Corn Belt States. Significantly, the Farm Bureau has traditionally been strong in the Corn Belt.

Three States could sway vote

"Three Midwest States could sway the upcoming referendum * * * their way," reads a confidential Agriculture Department memo, "and at this time no one is forecasting which way Illinois, Indiana, and Ohio will go * * *."

The Farm Bureau's campaign is aimed heavily at getting farmers in such States to vote "no." The bureau's Indiana affiliate is mobilizing members' wives for a telephone get-out-the-vote drive; its associated rural youth clubs will haul voters to the polls.

In Ohio, specially briefed Farm Bureau members are heading county steering committees to work with 1,640 Farm Bureau community councils in drumming up "no" votes.

But the Farm Bureau's effort, its first really large-scale attempt to defeat a wheat control plan, is far broader. It prods members in Kansas to record "no" vote testimonials and buy radio time to air them. In North Dakota, the Farm Bureau's branch has hired Flint Associates, a Fargo advertising outfit, to run an ad campaign against controls. A Fargo-based committee for free agriculture plans to erect billboards reading "For Freedom Vote No."

"We're really rolling," declares a Farm Bureau spokesman. Contrary to administration avowals, the Farm Bureau contends Congress will enact an alternative wheat plan, with price supports and less stringent controls, if the present one is rejected.

Farmers scattered thinly

Effects of the campaigning are difficult to measure. Wheat farmers are scattered thinly across the Nation, making polling prohibitively expensive. Last December the Farmers Union Grain Terminal Association, a grain cooperative, for \$24,000 hired Louis Harris, a political pollster, to survey growers in Minnesota, Montana, and the Dakotas; it's understood the poll indicated 63 percent to 67 percent of farmers would have voted "yes" if the referendum had been held then. In January 70 percent of 684 farmers responded to a North Dakota Extension Service questionnaire indicated they would vote "yes." That would be about the same percentage as voted "yes" in the entire North Dakota vote last year.

The national result was a 68.4 percent "yes" vote last year, a razor-thin margin above the needed two-thirds and far below the record-matching 87.4 percent of 1960.

From all indications, many farmers haven't made up their minds yet. "A lot of people are trying to help us decide and still we are not sure what is best for us," says Fred J. Hartner, who has a 480-acre farm in Clay County, Kans. "One thing is certain, we need a fair price."

Mr. JONES. Let's get the whole thing in there because I think there is another portion that includes other information and with respect to Mr. Weaver's activities appearing before service clubs I think all of us are aware of the fact that a person doesn't impose himself, they usually are invited to appear, to get the facts, and there has been some indication around the country that the wheat referendum has been misrepresented by certain groups and it is only natural that organizations, particularly civic and service organizations, would want to get the facts and I am surprise that Mr. Weaver can accommodate all the requests that he would have.

Mr. HOEVEN. As a practical politician, the gentleman from Missouri knows that sometimes these invitations can be induced or solicited without much difficulty.

Mr. JONES. I don't know, not being a politician.

Mr. POAGE. Gentlemen, I have not yet yielded the floor. I am willing to yield to questions on matters raised or that Mr. Hoeven raised, but if somebody wants to get to matters which the Secretary raised I would appreciate it.

Mr. TEAGUE. I would appreciate it if the Secretary would submit for the record the average annual employment in the Department of Agriculture from 1933 to and including 1963.

Mr. FREEMAN. Yes, we will place them in the record.
(The document follows:)

Employment and changes in employment,¹ fiscal years 1933-63, estimated

Fiscal year	Employment at June 30 ²	Change from preceding year, increase (+) or decrease (-)	Fiscal year	Employment at June 30 ²	Change from preceding year, increase (+) or decrease (-)
1933.....	21,336	-----	1938.....	93,605	+40,835
1934.....	32,795	+11,459	1939.....	98,076	+4,381
1935.....	38,107	+5,312	1940.....	94,040	-4,036
1936.....	40,570	+8,463	1941.....	87,219	-6,821
1937.....	52,860	+6,290	1942.....	88,324	+1,105

AVERAGE ANNUAL EMPLOYMENT (MAN-YEARS) ³

1943.....	76,066	-----	1954.....	63,309	+1,088
1944.....	71,342	-4,724	1955.....	64,191	+882
1945.....	67,616	-3,726	1956.....	69,423	+5,232
1946.....	69,724	+2,108	1957.....	74,215	+4,792
1947.....	72,158	+2,434	1958.....	77,264	+3,049
1948.....	60,802	-11,356	1959.....	79,998	+2,734
1949.....	63,050	+2,248	1960.....	81,585	+1,587
1950.....	67,277	+4,227	1961.....	85,238	+3,653
1951.....	65,957	-1,320	1962.....	89,168	+3,930
1952.....	62,693	-3,264	1963 estimate.....	95,127	+5,959
1953.....	62,221	-472			

¹ Information on average annual employment (man-years) is not available prior to fiscal year 1943. The data shown is on basis of June 30 employment for fiscal years 1933 through 1942 and average annual employment (man-years) in 1943 and subsequent years.

² Adjusted to eliminate employment applicable to activities transferred from Department as follows: Bureau of Biological Survey, Food and Drug Administration, Bureau of Public Roads, Weather Bureau, and Farm Credit Administration.

³ Adjusted for comparability with present organization of Department and represents Department personnel only.

Summary of changes

June 30, 1933 to June 30, 1942:

Employment at June 30, 1942 was higher by 66,988 than at June 30, 1933. The increase occurred principally in the following agencies and activities:

Farm Security Administration (Farmers Home Administration).....	+20,574
Forest Service.....	+15,527
Soil Conservation Service.....	+9,944
Agricultural Adjustment Administration.....	+6,370
Research and plant and animal disease and pest control activities.....	+4,311
Surplus Marketing Administration.....	+3,646
Agricultural Marketing Service.....	+3,171
Price support activities (Commodity Credit Corporation).....	+1,229
Rural Electrification Administration.....	+927
Federal Crop Insurance Corporation.....	+567
Other activities.....	+722
Total.....	+66,988

Fiscal years 1944 through 1953:

In fiscal years 1944 through 1953 there was a net decrease in average annual employment (man-years) of 13,845. During this period there was a mixed trend with activities associated with World War II decreasing and others increasing. The principal changes were as follows:

Decreases:

Farmers Home Administration.....	-9,985
War-time activities including War Food Administration, emergency supplies for territories and possessions, supply and distribution of farm labor, emergency rubber project, Sugar Rationing Administration, etc.....	-4,747
Agricultural conservation program.....	-2,885
Removal of surplus agricultural commodities (sec. 32).....	-1,588
Research and plant and animal disease and pest control activities.....	-504
Federal Crop Insurance Corporation.....	-192

Total..... -19,901

Summary of changes—Continued

Increases:	
Soil Conservation Service.....	+4,505
Marketing services.....	+643
Price support activities.....	+322
Rural Electrification Administration.....	+321
Other activities.....	+265
Total.....	+6,056
Net decrease.....	-13,845

Fiscal years 1954 through 1963, estimated:

In fiscal years 1954 through fiscal year 1963, estimated, average annual employment (man-years) increased by 32,906. This increase occurred in the following activities:

Forest land management and roads and trails.....	+8,587
Other forestry activities, except research.....	+3,437
Accelerated public works program.....	+1,829
Research and extension.....	+4,675
Price support activities, foreign assistance programs, acreage diversion, and other farm income stabilization programs.....	+3,361
Watershed protection.....	+2,917
Flood prevention.....	+614
Soil Conservation Service technical assistance to farmers and others.....	+691
Great Plains conservation program.....	+401
Brucellosis eradication program.....	+1,050
Other plant and animal disease and pest control activities.....	+1,944
Mandatory poultry inspection.....	+1,493
Meat inspection.....	+187
Inspection of other farm products (including grading).....	+1,097
Crop and livestock estimates and statistical services.....	+623
School lunch, special milk, and food distribution programs.....	+511
Agricultural attachés.....	+274
Federal crop insurance.....	+99
Other activities.....	+416
Rural Electrification Administration.....	-143
Farmers Home Administration.....	-1,157
Total.....	+32,906

Mr. GRANT. Mr. Secretary, the chairman says we may get back to the bill.

I congratulate you on your statement. I notice if this legislation is enacted that it will be an Assistant Secretary for Research and Education. Also, that he will have a responsibility for the Federal Extension Service.

Mr. FREEMAN. Yes, sir.

Mr. GRANT. I note the Department is losing a most excellent person in the person of Dr. York who is an Alabaman and who is going to Florida. I hope my friend Billy Matthews will be kind to him down there.

You also asked about additional Secretaries in several of these bills here and being chairman of the Subcommittee on Forests, I am somewhat intrigued about these bills because we all know that we must have more research and that we must have more information regarding the vast resources that this Government has in the forests of this Nation. Research is not only applicable to other sections of our agriculture and industry but also for forests. I certainly hope that sometime in the future that the Department, and that you as Secretary will give study to perhaps the need of an additional Secretary in charge to head up the Forest Section of the Department of Agriculture.

Mr. FREEMAN. We will certainly do that, Congressman. Thank you.

Mr. SHORT. I have one question on the subject before us this morning.

Mr. Secretary, your statement on page 13 says, "Two years ago we did not have an Assistant Secretary for International Affairs."

This prompts me to ask a question as to just what broad responsibilities are encompassed in the position of an Assistant Secretary for International Affairs.

I think those of us on the committee are quite well aware of the function of the Department of Agriculture under Public Law 480, in that the Department of Agriculture has people in the Foreign Agricultural Service who are attempting to expand the use and sale of agricultural commodities in foreign countries.

I notice, however, that your statement refers to cooperation with the State Department. I am just wondering if this Secretary of International Affairs would work with the State Department through our mutual assistance program, or foreign aid program, in establishing agricultural policies in some of these countries. Are we attempting to educate—perhaps this is the wrong word—people in some of these new countries along the lines of agricultural programs such as we have in this country.

What I am trying to get at is, are we getting away from the authorization that I think was extended to the Department of Agriculture in Public Law 480, which was a rather limited activity? I will put it this way: What authority exists under law for an Assistant Secretary of International Affairs to engage in activity other than those authorized in Public Law 480?

MR. FREEMAN. The establishment of an Assistant Secretary for International Affairs has not changed in any way the authority from the Congress or the responsibility delegated by the Congress to the Department. Previously all of this was done under the Foreign Agricultural Service with an administrator. But the substantial expansion in the last 2 years, especially with the Common Market and with trade matters, and related to that, are the Public Law 480 programs in commodities, and their effect on trade, on our domestic agriculture, and on markets. The increased involvement of the Department with such things again as the Common Market, has expanded really the magnitude of the job. It has required a closer working relationship at a top policy level with both the Agency for International Development, and the State Department and now with Mr. Herter's office as the Special Representative for Trade Negotiations.

To meet these responsibilities I have felt it essential to have a Department official of the rank of Assistant Secretary. But it has been to carry out existing authorities which have expanded by the nature of things, in terms of their magnitude, rather than to take on any additional responsibilities that aren't clearly spelled out.

MR. SHORT. May I just ask one more question, and I think that is quite important in the immediate future—might I say I commend you for your efforts and the position that you have taken on behalf of American agriculture in trying to deal with the European Common Market.

MR. FREEMAN. Thank you, sir.

MR. SHORT. I think you have tried to fight for preserving our markets over there.

Could I ask you this: Do you think the Department of Agriculture is properly represented in our negotiations, our trade negotiations with the European Common Market? Is there too much of a preponderance of influence of the State Department, which perhaps takes a much broader view of trade, perhaps being inclined to put the emphasis on industrial trade—possibly to the disadvantage of agricultural trade? Do you think that your Department has enough authority in

these negotiations that are going on or will go on in the near future in dealing with the European Common Market? I think this is a really important thing we are facing right now.

Mr. FREEMAN. I agree with you completely. Let me just say this. I can't answer this question with detailed specificity because the trade negotiating teams actually have not been named and the detailed machinery for the Kennedy round is now only in the process of formation.

I would say this, and I think I can say it very forthrightly, that agriculture is represented today in the highest circles of our Government on trade matters. In the State Department, in Mr. Herter's office and in the White House, we are given more time and consideration than has ever been the case before.

I would give one example of this which represents a very significant accomplishment for agriculture, which the State Department in their proper negotiations with other countries have insisted upon, and that is that agriculture not be isolated and set out by itself to wait until everything else is negotiated and then get around to agriculture—which has been the case in the past.

We made it quite clear to the group in the preliminary discussion, and agricultural representatives had been a part of those discussions. We made it clear that agriculture will be an integral part of the trade negotiations under the Kennedy round. Our relationships and I think the recognition of the importance of agriculture by other parts of our Government, have grown significantly in the past few years. So I would predict that agriculture will be well, effectively, and vigorously represented at the bargaining table. I can assure you that if it isn't, the Secretary of Agriculture will be heard from.

Mr. SHORT. You think there is no administrative or technical legal roadblock under our foreign relations negotiating machinery that is a hindrance that perhaps needs legislative correction as far as the Department of Agriculture is concerned.

Mr. FREEMAN. There is none that I know of. If the question is, Could we improve the agricultural position in the Trade Extension Act? I would want to go back and reread it and give this some thought.

Mr. SHORT. We sometimes wonder, Mr. Secretary, whether we are proportionately recognized—agriculture is proportionately recognized in the GATT discussions, for example—the General Agreement on Tariffs and Trade. Again, I want to commend you. I think you have tried to do a really good job of defending American agriculture in these negotiations that have gone on so far and I am glad to hear you say that you think there is no need for any further clarification or additional authority for agriculture to be adequately represented.

Mr. FREEMAN. I believe that agriculture will be represented in a fashion that it has never been represented before in trade negotiations.

Mr. SHORT. Thank you.

Mr. POAGE. Mr. Rosenthal?

Mr. ROSENTHAL. Mr. Secretary, would you support a proposal for an assistant secretary for consumer affairs?

Mr. FREEMAN. Yes.

Mr. ROSENTHAL. Would you give that a high priority or almost as high priority as Assistant Secretary for Research and Education?

Mr. FREEMAN. I would.

As a matter of fact, I am giving careful study now to a new Assistant Secretary, in addition to the one for Research and Education who would be specifically concerned with consumer matters. We have this very, very much in mind and I appreciate the reference to it. I believe we could make excellent use of an Assistant Secretary for Consumer Affairs because the Department is probably the No. 1 consumer protection agency in the Federal Government.

Mr. ROSENTHAL. Do you have any present plans for making such a recommendation or seeking such legislation?

Mr. FREEMAN. My present plans, to answer your question directly, are to group functions and assign responsibility to this new Assistant Secretary because there is a very substantial overlap in the research field with consumer benefit and consumer protection activities.

For example, meat inspection today is under the Agricultural Research Service as is nutrition research, which is of vital importance. There are a number of other consumer protection functions in the Department and we have been discussing for some time a combination that would give a more direct line and pointed attention to consumer protection.

If this committee and the Congress saw fit to designate an additional Assistant Secretary for Consumer Purposes I would certainly welcome it.

Mr. ROSENTHAL. Thank you.

Mr. GRANT. Mr. Latta?

Mr. LATTA. Mr. Secretary, I notice you are going to call this Assistant Secretary for Research and Education. Is that political education?

Mr. FREEMAN. No, sir.

Mr. LATTA. What kind of education does that mean?

Mr. FREEMAN. It would be the kind of educational information programs that are carried forward through the land grant colleges and State extension services.

I would remind the Congressman that when Abraham Lincoln signed the bill which established the Department of Agriculture, and I do not have the direct language, but he then charged the U.S. Department of Agriculture to gather and disseminate information of interest to agriculture in the most comprehensive sense of the word, and I use "education" in that sense.

Mr. LATTA. As far as furnishing information?

Mr. FREEMAN. That is right.

Mr. LATTA. Government education worries me. USIA has now started a "service"—not authorized by law—to propagandize American troops on American soil. This "education" is contrary to law.

Mr. FREEMAN. Actually, I have in mind no new education programs at this time. Obviously there are changes taking place in the Extension Service, as the countryside changes and these functions adjust, but I have in mind no supereducation program that your question would imply.

Mr. LATTA. Just a couple of questions about your film. I have never seen it. Do you make a statement in it that our wheat farmers have a choice between \$2 and \$1 wheat?

Mr. FREEMAN. I do not recall exactly what the numbers were, but as I recall in this film I do say that economists, an independent committee of economists that reviewed the consequences that would flow from a yes and a no vote, predicted that there would be on the one hand approximately \$2 wheat with the yes vote and on the other hand approximately \$1 wheat with the no vote.

Mr. LATTA. I am not asking you what the economists might predict. I am asking you if you know what you said in this film.

Mr. FREEMAN. That is what I said.

Mr. LATTA. You were saying that some economist said that and it was not then your thinking that you gave out with in the film?

Mr. FREEMAN. I think that, to be perfectly fair in response to the question, I would have indicated that I would agree with the conclusion reached by these economists, which I do.

Mr. LATTA. You are familiar with the fact that even if this referendum is turned down, there is legislation on the books which would not permit the price of wheat to drop below 50 percent of parity to cooperatives.

Parity is \$2.49 now, and 50 percent of \$2.49 is \$1.241½.

That is more than \$1.

Mr. FREEMAN. This was made clear in the statement.

Mr. LATTA. In this article?

Mr. FREEMAN. Yes.

Mr. LATTA. Did you also point out about the carrying charges, and CCC release figure of 105 percent of parity?

Mr. FREEMAN. I do not think I got into it quite that deeply.

Mr. LATTA. I know, but you were disseminating information, shall we say, in this film, and apparently the film was prepared at taxpayers' expense, was it not, or did somebody donate this film?

Mr. FREEMAN. No; the film was a part of the Department's information program.

Mr. LATTA. Don't you think you should disseminate all of the information?

Mr. FREEMAN. This is what I attempted to do to the best of my ability, within the 3-minute time limit that we are held to in films of this kind.

Mr. LATTA. I know, but price is an important factor to these farmers. You giving information to these wheat farmers on price. You want to give it to them accurately and completely.

Mr. FREEMAN. Yes, sir.

Mr. LATTA. You are now asking for a new Assistant Secretary of Agriculture to help you "educate" the people.

I am hopeful should the Congress see fit to grant this additional Secretary, that he will give the farmers all the pertinent information on a given issue. Further, if you are going to go on with producing films I hope you will use a little more than 3 minutes when it is needed to properly present an issue.

Do you agree with that?

Mr. FREEMAN. We would use as much time as we can afford.

Mr. LATTA. Let me ask you this question. Let's not beat around the bush about this any longer, Mr. Secretary. Don't you think you ought to present both sides of an issue?

Mr. FREEMAN. I do. That is exactly what we are doing.

Mr. LATTA. Don't you think, when you say \$1 would be the price of wheat under our present law, if they did not approve your program, instead of \$1.35½, if Congress did not act—

Mr. FREEMAN. For compliers.

Mr. LATTA. Yes, don't you think we should point that out to be completely accurate?

Mr. FREEMAN. To my best recollection that was pointed out.

Mr. LATTA. I thought you said a little bit ago we did not include these items.

Mr. FREEMAN. I did not get to the point. I referred to your question of what the release would be before the CCC could sell. That was a complexity that I did not feel was pertinent to the point. Because this is a complicated matter, we are trying to carry on a very detailed information program and the Extension Service, which I am sure, Mr. Latta, you know is hardly an adjunct of the Department, in the sense that it would lend itself to any propagandizing effort, has been urged and is presenting very widely the different alternatives.

Mr. LATTA. In this film did you say anything about our 15-acre farms, which apparently are forgotten in this certificate plan?

Mr. FREEMAN. I think what was said in connection with 15-acre farmers would apply equally to the larger farmers.

Mr. LATTA. Do you make any particular reference to the double cut?

Mr. FREEMAN. No. To my best recollection I did not go into that detail.

Mr. LATTA. Our farmers in Ohio are interested in that; 81 percent of our farmers are 15-acre growers.

Mr. FREEMAN. I am quite aware of that.

Mr. LATTA. Is that film being shown in Ohio?

Mr. FREEMAN. I would have to check to see. It was released for normal TV news purposes. This was not per se an education effort on my part. It was to make a significant announcement which I have done on occasion under previous programs to bring information and the date of the announcement. The fact that the announcement was highly newsworthy made it possible to get a lot of free radio and TV time, to put it frankly, to bring information to the farmers that otherwise we could not afford.

Mr. LATTA. It is being shown in Ohio. Nothing was said about the 15-acre exemption? You are then showing it in Ohio for the benefit of the 19 percent?

Mr. FREEMAN. No. What was said would apply equally to the 15-acre farmer as to the larger one.

Mr. LATTA. I asked you if you mentioned in this film that he would take a double cut?

Mr. FREEMAN. I just do not think that is accurate.

Mr. LATTA. Isn't that accurate?

Mr. FREEMAN. No.

Mr. LATTA. Don't they lose their 15-acre exemption under this proposal?

Mr. FREEMAN. They are permitted to——

Mr. LATTA. Do they lose their 15-acre exemption?

Mr. FREEMAN. Yes.

Mr. LATTA. So that is true, is it not?

Mr. FREEMAN. It is true that the 15-acre nationwide exemption is lost; that is correct.

Mr. LATTA. That is the question I was asking. You answered in the negative first.

Mr. FREEMAN. I misunderstood you.

Mr. LATTA. I was hopeful when you said no that I had been reading the law wrong. We will lose our exemption.

Mr. FREEMAN. I misunderstood your request.

Mr. SHORT. Will the gentleman yield?

Mr. LATTA. Yes.

Mr. SHORT. Mr. Secretary, getting back to this subject that we are considering here of the Assistant Secretaries, this Assistant Secretary would have as part of his responsibility the direction of the Extension Service. The Extension Service has been brought into the act in disseminating information regarding the Wheat Referendum. As you have said their function was to explain the facts.

Mr. FREEMAN. That is correct.

Mr. SHORT. I have tried to examine some of the information that they have been distributing. It seems to me that they have overemphasized the \$2 wheat versus \$1 wheat.

Mr. Latta dwelt on this perhaps overemphasis of the \$1 wheat. I think it is an overemphasis.

I think you have to assume some questionable assumptions when we say the wheat is going to drop to \$1 a bushel. By the same token, I think, to keep this price per perspective, they should have pointed up that it was not \$2 wheat that we are talking about exactly. You are talking about all wheat being \$1. You are trying to convey that impression. Wouldn't it have been more objective if you had said on the top side that it was not a question of \$2 wheat for all the wheat that the farmer produced but, I do not know the figure exactly, but it is something like \$1.80 because only 80 percent of the wheat he produces this coming year at least on his reduced allotment is going to be \$2 wheat? The rest of it is going to be \$1.30 which brings the actual figure down to \$1.80 some cents.

If you were going to be completely objective about this, it seems to me that this point, along with some others, should have been pointed out, Mr. Secretary.

Mr. FREEMAN. As you know, Congressman, each Extension Service in the respective States have prepared their own information and they are largely independent in their operation. I have not examined the material from all of them but certainly a presentation at the information meetings they are holding, they would take a look at all of this. It would point out also, I think, to give a balanced picture of the whole thing, that acreage that was diverted would have for a given period certain payments, and the whole picture of what they have been asked to do and which, knowing farmers as I do and you do in the course of meetings I am sure it will be thoroughly explored.

Mr. SHORT. I think the tabulations, taking a typical farmer for example, this has been pointed out but again in summing up and in protecting the basic issue it is emphasized and emphasized and reiter-

ated that the question before the farmer is \$2 wheat versus \$1 wheat. I think it is a gross exaggeration and I cannot quite help saying that I think the Extension Service is going a little bit beyond the realm of simple education when they project this thing in that context.

I think they should be a little bit more complete and detailed in the information that they disseminate.

Mr. FREEMAN. All of the information I have seen from the Extension Service, and I have not checked all of it in all of the 50 States, has been pretty broad in presenting alternatives and in reviewing the total program. There may be in some places a tendency in a complicated matter when something is discussed or reported to emphasize and possibly oversimplify.

We run into that in this kind of contest. I think that what we really seek to do is present the whole picture. I think the farmers will be better informed on the wheat situation than they have been on any referendum in a long time.

Mr. SHORT. Thank you. Thank you for yielding.

Mr. POAGE. Are there further questions of the Secretary?

Mr. HARVEY. Yes.

Mr. POAGE. Mr. Harvey.

Mr. HARVEY. I want to join Congressman Short, Mr. Secretary, in commending you for your vigorous efforts in this field.

I would like to ask you briefly—in your reorganization program whether this Assistant Secretary, if approved, would indicate any change or is it simply a realignment of functions that are already being carried out by the Department?

Mr. FREEMAN. It is a realignment of functions already being carried out with some more help at a top policy level.

Mr. HARVEY. I have no quarrel with the idea of putting, we will say, research and education in the same bracket, the same general function. I think they fit together rather well. We have a broad field for research. The one that is most important has been our four regional research laboratories within the Department that are located in different sections of the country. Will this contemplate any change in the direction of their effort?

Mr. FREEMAN. No.

Mr. HARVEY. Will it contemplate any change in personnel or policy? Insofar as I have been able to determine these folks have had complete freedom insofar as their research efforts are concerned. They have not been motivated or dominated by any political or other type considerations. Would this contemplate changing the general direction and the objectives of their efforts?

Mr. FREEMAN. No.

Mr. HARVEY. That we can be assured of?

Mr. FREEMAN. Yes, sir; you certainly can. I would only say this: We have now a research advisory committee making a very detailed study of the research we are doing, the kind of research that ought to be carried on in the future years, how we coordinate with the rest of the Federal Government, how we coordinate with private research—the whole direction in which we move; but the Assistant Secretary in this instance would add no dimension of the kind of restrictiveness that is in your question.

Mr. HARVEY. I am sure you are aware of the fact that in the past there was some legislative effort made—I did not subscribe to it—to

separate these research centers from the Department under the theory that they would make more progress if they were.

Have you given any particular thought and effort and consideration, since you have been in your present position, to the idea of separating these research centers from the Department?

Mr. FREEMAN. No; I have not.

Mr. HARVEY. You think that they are functioning to the very best advantage possible in their present status?

Mr. FREEMAN. There is always room for improvement but my checks indicate they are doing highly competent research.

Mr. HARVEY. Do you think in bringing these under an Assistant Secretary—we have a Director of Research in these centers—will this be a duplication of the Director's effort and the Assistant Secretary?

Mr. FREEMAN. No. Previously there was an Assistant Secretary for State and Federal Relations under which the Agricultural Research Service Administrator functioned. This would be the same kind of relationship. It merely means that at the policy level they can get more attention, which sometimes they do not get simply because both Under Secretary Murphy and myself run out of time.

Mr. HARVEY. Do these research centers, or have they in the past been reporting or been responsible to you? Have they had a clear channel in regard to their progress to the Secretary's Office?

Mr. FREEMAN. They of course work under the immediate direction of the Administrator, Dr. Byron Shaw, whom you know. That would continue exactly the same way. Then the next chain of command is directed to the Under Secretary; and this is in part the problem because, with the many scientific changes and adjustments with other segments of the Government I frankly have not been able to give this the amount of time that it should have and someone at the Assistant Secretary level is needed.

Mr. HARVEY. That is the thing, however, that does concern me. I can appreciate your trying to make a more efficient organization, but I am wondering if in this process of putting so many cogs between you and the working personnel if you won't actually get the research effort so far removed from your immediate consideration that this most important segment of your office would not have a tendency to get lost in the shuffle.

Mr. FREEMAN. I would answer that question and say the contrary will be the case.

Mr. HARVEY. I certainly hope so.

Mr. FREEMAN. Yes, sir.

Mr. HARVEY. Because I do not believe, looking ahead in the long-range welfare of agriculture, that there is any more important role the Secretary can play than that he gives every possible consideration and attention within his limitations, of course, to the progress of research within the Department.

I will say in closing, and it has already been mentioned lightly and I will pass over it in the same fashion, but I will say there has been some concern evinced to me that out of this change in the setup here that there may be an intention on the part of the Secretary to convert the Extension Service to a propaganda agency rather than their historical role of an educational agency. Would you care to comment?

Mr. FREEMAN. I would only say that there is not, and has not been, and will not be any such intention.

Mr. HARVEY. Thank you. That is all.

Mr. POAGE. Are there further questions of the Secretary?

Mr. JOHNSON. Mr. Chairman.

Mr. POAGE. Mr. Johnson.

Mr. JOHNSON. You were asked a while ago to list the number of Department employees from 1933 up to date.

Mr. FREEMAN. Yes, sir.

Mr. JOHNSON. I wonder if you can list the number of new functions that have been assigned to the Department from 1933 to date.

Mr. FREEMAN. I will be very happy to do that.

(The Department submitted the following information:)

Activities current in fiscal year 1963 which were originally authorized subsequent to fiscal year 1933

Agricultural Marketing Service:

Special milk program.

School lunch program.

Removal of surplus agricultural commodities:

Food stamp program.

Marketing orders and agreements.

Mandatory poultry inspection.

Tobacco inspection—mandatory at designated markets.

Regulatory activities under Tobacco Plant and Seed Exportation Act and Export Fruit Acts.

Cotton fiber testing.

Agricultural Stabilization and Conservation Service:

Acreage allotments and marketing quotas.

Sugar Act program.

Agricultural conservation program.

Conservation reserve program.

Land-use adjustment program.

Commodity Credit Corporation:

Price support, supply, and related programs (including feed grain and wheat stabilization programs).

National Wool Act program.

Cooperative projects in marketing:

Payments to States for marketing service projects.

Payments to States for marketing research.

Payments to States for marketing education.

Farmers Home Administration:

Rural housing grants and direct and insured loans.

Farmownership loans (direct and insured).

Soil and water conservation loans (direct and insured).

Operating loans.

Emergency loans.

Federal Crop Insurance Corporation.

Foreign assistance programs:

Public Law 480:

Sale of surplus agricultural commodities for foreign currencies.

Commodities disposed of for emergency famine relief to friendly peoples.

Long-term supply contracts.

International Wheat Agreement.

Bartered materials for supplemental stockpile.

Forest Service:

Assistance to States for tree planting.

Insect and disease control.

Cooperation on forest management and processing.

Administration of national grasslands and land utilization projects.

Acquisition of lands for Superior National Forest.

Office of Hearings Examiners.

Office of Rural Areas Development.

Rural Electrification Administration:

Rural electrification loans.

Rural telephone loans.

Soil Conservation Service:

Conservation operations.

Watershed protection.

Flood prevention.

Great Plains conservation program.

Mr. FINDLEY. Mr. Chairman.

Mr. POAGE. Mr. Findley.

Mr. FINDLEY. Mr. Chairman—Mr. Secretary, I understand the Department inspects meats in packinghouses that operate in interstate commerce. Would it be possible for your Department to assume also the responsibility for supervision of the feed and concentrate manufacturing firms in this country. That is now being assumed under HEW and I have had complaints from several of my constituents who are in this business. They say the HEW inspectors probably have never seen a hog or cow in their lives and they simply do not understand the important distinction between drug additives and compounds that are used for animal feed as opposed to intake by human beings.

Mr. FREEMAN. As it now stands the law, as the Congressman says, assigns it to the Food and Drug Administration. This is always a question. Every State has the same problem of where certain things ought to be when purity and health protection are involved. I have not actually considered this. I think that a strong case could undoubtedly be made. I am also sure that people in the health field are going to argue very vigorously that it should be where it is.

Mr. FINDLEY. In view of the fact that you already have skilled personnel to deal with livestock and meat would it not be logical that that same personnel could be given some responsibility for examining formula and inspecting livestock that have taken these experimental compounds?

Mr. FREEMAN. We certainly have the staff and the function would coincide very naturally with what we are doing, yes.

Mr. FINDLEY. Would you support a bill which would transfer this responsibility from HEW to USDA?

Mr. FREEMAN. I would like to have the opportunity to study the bill and review it with my colleagues before I would make a categorical answer, but it could be done and it might very well be a more efficient and effective way to do that.

Mr. FINDLEY. Mr. Secretary, the bill before us today amounts to upgrading someone probably on your staff to the position of Assistant Secretary; am I correct in assuming that?

Mr. FREEMAN. No. There has been no decision made in connection with the personnel.

Mr. FINDLEY. Could it very well amount to an upgrading of someone already on your staff?

Mr. FREEMAN. It could well be. I have generally followed the practice that people who are working in a service and performing very exceptionally should be recognized. This is one of the first rules I think of good administration and personnel policy, but no final decision on this has been made.

Mr. FINDLEY. What extra expense to the Government would be involved here outside of the increase in pay or the total pay level?

Mr. FREEMAN. Very little increased cost to the Government.

Mr. FINDLEY. Is there any estimate of what the expense to the Government of the so-called status symbols that go with the various grades in the Federal service amount to—wall-to-wall carpeting or carpeting within 2 feet of the wall, or one pen holder on the desk, and the other fringe benefits? Is there any estimate of how much these upgrading of positions would cost?

Mr. FREEMAN. I would defer to the Assistant Secretary for administration, Mr. Robertson to respond to that important question.

Mr. ROBERTSON. Mr. Findley, we can supply this for the record for you.

Mr. FINDLEY. Do you have any estimate of the extra cost beyond salary involved in this proposal or what it might run to?

Mr. ROBERTSON. No, sir. We would be happy to supply that.

(The information referred to above follows:)

In addition to the salary of \$20,000, the Government's share of retirement and life and health insurance is approximately \$1,500 annually. Costs of furnishings and equipment, such as desks, chairs, and rug would amount to about \$2,600, only a portion of which would have to be purchased. Other expenses, including a secretary and miscellaneous costs such as telephone, supplies, etc., would be provided within the resources presently available.

Mr. FINDLEY. Mr. Secretary, getting down to names, Dr. Willard Cochrane has responsibility in economic research. Is he under consideration for this position?

Mr. FREEMAN. No.

Mr. FINDLEY. Is Mr. Floyd Breeding?

Mr. FREEMAN. Mr. Breeding's name has been mentioned to me as a possible addition at the Assistant Secretary level.

I would be happy to receive any other recommendation the Congressman would like to make.

Mr. FINDLEY. I could make one right now. I suggest Larry Simerl, of the University of Illinois.

Mr. FREEMAN. I will take that under advisement. Thank you.

Mr. FINDLEY. Mr. Secretary, I was interested in your reference to the data processing techniques that you have adopted. It calls to mind the memorandum which I received yesterday in regard to the feed grains bill, then before the House. In it you refer to the savings of some \$920,000 a day resulting from the reduction of stockpiles, which according to your statement amount to 1.3 billion bushels.

Mr. FREEMAN. That is right.

Mr. FINDLEY. The saving obviously was predicted at the rate of 26 cents per bushel per year for storage and carrying charges. That is how \$920,000 a day for that amount of bushels would figure out. I recall that you have repeatedly said 13½ cents a bushel for storage of the grain in warehouses is on the high side, that you can store it cheaper in Government facilities. I wonder how in the world these computers or whatever did the job came up with a 26-cent rate of saving per bushel.

Mr. FREEMAN. I have not made the arithmetical calculations. This is calculated in the ASCS in terms of what it would cost to carry for a year 1,300 million bushels of grain. It includes, of course, more than just pure storage.

Mr. FINDLEY. What other factors are included?

Mr. FREEMAN. Another factor included would be the interest it would cost on the money involved in the acquisition of the grain as well as transportation costs. Those are the major items.

Mr. FINDLEY. Those are kind of lumped together as handling charges, are they not?

Mr. FREEMAN. They are lumped together as handling charges and there is a simple arithmetical computation, based on the period of years and how much it costs.

Mr. FINDLEY. I have seen the estimate that handling charges range between 1 and 2 cents per year per bushel and the commercial rate for storage of feed grains is 13½ cents per bushel per year. In view of this, how did you come up with that estimate, clearly 26 cents a year? I am sure you did not want to misinform the Congress on the savings that have been achieved. If you could supply for the record how that was computed I would appreciate it.

Mr. FREEMAN. I am sorry. I anticipated you might ask some detailed and perceptive questions on this subject.

Mr. FINDLEY. Good.

Mr. FREEMAN. Unfortunately, Mr. Beach, as most of you know, who handles this, is our career employee, highly competent, and extremely accurate in his figures. He had to be out of town today. I will be happy to submit that calculation for the record.

Mr. FINDLEY. I will look forward to seeing it, as I have repeatedly tried to get these figures verified.

(The information referred to above follows:)

The cost of approximately 26 cents per bushel represents the average total carrying charges actually paid during the fiscal year 1962 related to average inventories of corn, grain sorghums, barley, oats, rye, and wheat during that period. It is comprised of the following items (using wheat as an example):

	Cents
Storage and handling-----	13.53
Transportation-----	3.93
Processing, repackaging, etc-----	.30
Reseal storage payments-----	.94
Interest-----	7.51
Total-----	26.21

The item for storage and handling does not include receiving charges on grain acquired, these charges being considered a part of acquisition costs. Such charges range from as low as 1.75 cents per bushel for all rail grain to as high as 4.25 cents for corn and barley, and 5 cents for wheat, grain sorghums and rye received by truck. Loadout charges amount to 75 cents per bushel for all grains and these are included.

Mr. FINDLEY. I did have a query from a constituent who was concerned about the May 21 wheat referendum. He was concerned for fear there may not be an opportunity for interested parties, namely, the major farm organizations, to serve as poll watchers during the voting.

Poll watching has become accepted practice in our national and local elections. I think you will agree it has great merit. It gives each partisan group, so to speak, a feeling, at least, that their interests have been protected. Is there any objection on your part to poll watchers?

Mr. FREEMAN. No.

Mr. FINDLEY. Would they be freely admitted during the casting and counting of the votes?

Mr. FREEMAN. I can see no problem in connection with that. I think it would be welcome.

Mr. DUNCAN. Mr. Chairman.

Mr. POAGE. Mr. Duncan.

Mr. DUNCAN. Mr. Secretary, this meeting has strayed a little from the bills in front of you perhaps because all of us are interested in discussing specific problems with you. In that connection I would like to associate myself with the remarks of Mr. Short and Mr. Harvey, to the extent agriculture has played a part in foreign trade. I would like to ask you if in fact there have been any retaliatory actions taken under GATT against any nations imposing discriminatory actions upon the importation of our products insofar as the import of their products into this country are concerned?

Mr. FREEMAN. The procedures to take such actions are now under-way and have been instituted. It is like many legal procedures. It is a somewhat time consuming one but there is such an action under-way in connection with certain failures to adhere to GATT regulations by one of the Common Market countries.

Mr. DUNCAN. This is a fact and this has been conceded?

Mr. FREEMAN. This is a fact.

Mr. DUNCAN. The result of that has been adverse to some of our own agricultural commodities, including fresh fruits, pears in particular, from the State of Oregon.

Mr. FREEMAN. This is correct, that certain restrictions that were within GATT rules, while France had a serious shortage of foreign exchange, were no longer within GATT rules when that position improved. The adjustments to conform to GATT rules have not been made and the procedures to impose appropriate GATT sanctions have been instituted and are now in the mill.

Mr. DUNCAN. I am going to be home very soon. Is there any time estimate we can give to our people as to when we might expect results from this series of negotiations, which has been going on for quite some time now?

Mr. FREEMAN. Yes. They are on their way to being in effect, and as an attorney might say, execution has been levied. It just has not been completely served yet.

Mr. DUNCAN. Maybe we can expect some results within the next couple of months; maybe.

Mr. FREEMAN. I would think that this matter will be determined one way or another within that period of time.

Mr. DUNCAN. I would like to say I basically believe our prosperity lies in expanded rather than restricted trade and rather than imposing retaliatory sanctions against another nation, I would prefer to persuade them to lift their restrictions against our trade if at all possible. I suspect, however, that this is going to be impossible without imposing restrictive sanctions. I think trade is a two-way street. We cannot indefinitely continue to open our markets if the reciprocal privileges are not allowed ours.

Getting back to the subject before us this morning, as you know, forestry and forests are extremely important to the State of Oregon.

The Department of Agriculture is the biggest landowner. We do not have a lot of potatoes or wheat but we have a lot of trees. Is the Chief Forester in the Department a policymaking officer or primarily an administrative officer?

Mr. FREEMAN. He is both.

Mr. DUNCAN. I noticed Mr. Harvey suggested that because of your proposed addition of a new Assistant Secretary that the education and research functions might be lost in the shuffle. Has there been any suspicion that the Forestry Department has been lost in the shuffle in the Department of Agriculture because of the absence of a top policymaking administrator with that particular responsibility?

Mr. FREEMAN. No. You see the Forest Service is grouped in the Rural Development and Conservation area under an Assistant Secretary. It is an area to which I personally have given a great deal of attention and I think there has been very detailed and specific action on forestry management.

Mr. DUNCAN. These two bills we have before us this morning authorizing two additional Assistant Secretaries, one of whom would have some responsibility in the field of forestry were filed on March 25. Have you had an opportunity to review them and do you have an opinion on them?

Mr. FREEMAN. We have reviewed them. You are speaking now about an Assistant Secretary for Forestry?

Mr. DUNCAN. Yes, sir.

Mr. FREEMAN. As I have said earlier, I would welcome all the help I could get but I do not expect too much at once. It is a question of priority.

Mr. DUNCAN. Would it in your opinion improve the administration of the Forestry Department if you had such a top policymaking Assistant Secretary?

Mr. FREEMAN. Forestry is a wide ranging and extremely important area. I believe at the moment that it is functioning quite satisfactorily and there are some real merits to combining it in the same overall operation with such things as soil conservation and rural area development programing, because it is given a cohesiveness and kind of a unity of approach that I think has been very useful and has worked very well. I feel less urgency, honestly, about an Assistant Secretary for Forestry than I did before this grouping was made.

On the other hand, this is an extremely complex and large operation and I certainly would welcome any help I could get.

Mr. DUNCAN. When was this grouping made to which you just referred?

Mr. FREEMAN. The grouping was made for a number of reasons.

Mr. DUNCAN. When?

Mr. FREEMAN. About a year ago.

Mr. DUNCAN. So some of the people in my area might not yet have an opportunity to study the results of this new administrative efficiency?

Mr. FREEMAN. I think that is right. I think if you will discuss with some of the people in Oregon with whom I have talked and ask them about the work of Assistant Secretary Baker and the new setup—at least they expressed to me their satisfaction.

Mr. DUNCAN. You would prefer, if you get two additional Secretaries, that their responsibilities not be specifically defined so you would have more administrative leeway to assign them?

Mr. FREEMAN. Yes, I would.

Mr. DUNCAN. Would the addition of two Assistant Secretaries rather than one have any substantial impact on your budget?

Mr. FREEMAN. Only to the extent it would involve another \$20,000.

Mr. DUNCAN. Plus some supporting staff?

Mr. FREEMAN. Well, not even supporting staff. I think the question directed earlier was an Assistant Secretary naturally has a physical arrangement that is a little more expansive, shall we say, than someone down the line.

Mr. DUNCAN. Thank you, Mr. Secretary.

Mr. DOLE. Mr. Chairman.

Mr. POAGE. Mr. Dole.

Mr. DOLE. Mr. Secretary, would the figures we have on employment include part-time employees?

Mr. FREEMAN. Yes, sir.

Mr. DOLE. And the relative cost, 1963, 1962, 1961, total costs for administration?

Mr. FREEMAN. Yes, sir.

Mr. DOLE. What would be the background of this Assistant Secretary should the bill be approved?

Mr. FREEMAN. It ought to be——

Mr. DOLE. I mean he should be competent, but what else?

Mr. FREEMAN. Mostly that he should be competent. I think it would be someone who had worked with or been associated with the land-grant colleges. This is an important part of this; someone who has had some administrative experience, someone whose judgment had been demonstrated in some responsible tasks, preferably someone who had served in some capacity in public life, which I think is important background for this kind of thing. I believe I would give these the highest priority.

Mr. DOLE. Would it necessarily be a man? Couldn't it be a woman?

Mr. FREEMAN. It certainly could.

Mr. DOLE. I wondered, too. Of course, I live in Kansas, you may know.

Mr. FREEMAN. I have heard that.

Mr. DOLE. You were in my district last year.

Mr. FREEMAN. I planned to come back but we had some problems and I could not come.

Mr. DOLE. I am going to be in Minnesota tomorrow and trust I can remember your name.

Mr. FREEMAN. It may be just as well if you did not.

Mr. DOLE. I have in my hand a little item that goes to every farmer in Kansas. It is channeled from somewhere in Washington, from somebody in ASCS. It is a form newsletter the State ASC office sent out this March to each county office. Of course it is marked "official business." It starts off "The 1964 wheat program referendum in dollars?" The next sentence says, "While there are several details farmers want to know about the 1964 wheat program, one primary point is that a yes vote means about \$2 for wheat and a no vote means

a much lower price, probably \$1 per bushel." Then it goes on to give President Kennedy's reference in his message of January 31, 1963. This is a program, I understand, newsletters to farmers, inaugurated last March?

Mr. FREEMAN. I believe that is correct.

Mr. DOLE. Who is responsible or who has responsibility in Washington for sending these little gems to the State ASC office?

Mr. FREEMAN. Did this originate—I have not seen it—in Washington, or in the State office?

Mr. DOLE. It is my understanding from the State ASC director that he receives suggested newsletter material from Washington and he sends on suggested newsletter material to each county.

Mr. FREEMAN. The county then prepares and distributes this sheet?

Mr. DOLE. Yes. They can add if they want to. They do have one space here for somebody to use their own initiative on the county level. This one says, "Try to say something about the advantages of the 1963 feed grain program." Just a little hint on the bottom of the page.

Mr. FREEMAN. Don't you think that is a relatively inoffensive suggestion?

Mr. DOLE. Perhaps that is, but what about the letter itself? Is this some of the research and education which would be carried on by this new Secretary?

Mr. FREEMAN. No. As the Congressman knows, the county committees and the State committees are a part of the Agricultural Stabilization and Conservation Service, not part of either extension or research.

Mr. DOLE. They might take over this function. Where does this come from and who is responsible for this—not this sheet of paper, but the newsletter that goes to each State ASC office?

Mr. FREEMAN. The immediately responsible person would be the Administrator of the ASCS, Mr. Godfrey, and he reports directly to Mr. Duncan, the Assistant Secretary in that area.

Mr. DOLE. Someone at a high level has been stating that the issue is \$2 or \$1 for wheat. You do not agree with that statement, do you?

Mr. FREEMAN. Yes, that is the case.

Mr. DOLE. You agree that is what it is, we are going to get \$2 for all our wheat in Kansas if two-thirds vote yes in the referendum, May 21.

Mr. FREEMAN. Wheat will be supported at \$2.

Mr. DOLE. Also at \$1.30.

Mr. FREEMAN. For those who comply.

Mr. DOLE. I mean the feed wheat, the 20 percent that won't be \$2.

Mr. FREEMAN. That is \$1.30.

Mr. DOLE. It says here \$2.

Mr. FREEMAN. That is the wheat we will support.

Mr. DOLE. It does not say this in the sentence I referred to. It says \$2 or \$1. This was touched on before. I do not feel any of us have a right to tell the farmer how to vote but I do believe we have an obligation to correct misinformation. You have the same right if we say something which is not absolutely correct.

Mr. FREEMAN. I am doing my best.

Mr. DOLE. I received this letter from the Kansas ASC Office. Mr. Beaucroft said it was easy to reach this conclusion, \$2 or \$1. In fact,

this is why they added the question mark. He says the issue with the 1964 wheat program is \$2 or \$1.

I think the inference is clear that the farmer faces disaster if he votes "no." My point is this: Don't you agree this material tends to deprive the farmer of a free choice in the referendum?

Mr. FREEMAN. No, I think the farmer is very intelligent and that he will consider all the facts and factors and if mistakes are made we will do our best to present a fair picture. We are not infallible. It is a new organization. We are honestly trying to give him full and detailed information.

Mr. FINDLEY. Will the gentleman yield?

Mr. DOLE. Yes.

Mr. FINDLEY. Mr. Secretary, in regard to that same point that Mr. Dole brought up, I would like to have you explain how you conclude that the price is apt to go down to about \$1. I cite for example that 50 percent of parity would be \$1.24½ and even if you would want to bring the price down to \$1 by releasing Government stocks—

Mr. FREEMAN. We could not do that.

Mr. FINDLEY. That is what I was pointing out. You could not release it at least than \$1.31.

Mr. FREEMAN. That is right.

Mr. FINDLEY. Plus carrying charges.

Mr. FREEMAN. That is right.

Mr. FINDLEY. So how do you arrive at the conclusion that the alternate price would be about \$1 a bushel?

Mr. FREEMAN. Because the production, which would then go on the market, according to the best estimate of the independent experts, would be in the neighborhood of 1½ billion bushels and 1½ billion bushels on the market would result in a price of somewhere in the nature of \$1, depending upon the factor of how many might sign up under a program where they take acreage restrictions and get \$1.30 price support. The best judgment of experts in this field, again not from the Department but from the land-grant colleges, the best judgment has been they will be relatively few because they will not want to cut back acres sharply for \$1.30 short price. If there is a 1½-billion bushel production, which is our estimate, you will have wheat in the neighborhood of \$1 a bushel.

Mr. FINDLEY. Mr. Secretary, I would like to read from the statement by L. H. Simerl, extension economist, agricultural marketing, University of Illinois, which is a land-grant college, in his statement of April 17 on the wheat referendum. He has this to say:

Suppose that the marketing quotas are not approved. Then the price support loan level would be around \$1.25 a bushel. The support rate would apply to all the wheat produced by any farmer who plants within his acreage allotment.

There would be no direct benefits. The market price might be lower or possibly higher than the support level.

So a land-grant economist, highly respected in Illinois, concludes that the price might be higher than the support level.

Thank you, Mr. Dole.

Mr. FREEMAN. I would just comment that it would be an interesting exercise to line up the land-grant economists in all the land-grant colleges. A study of this kind was recently completed, totally independent, in North Dakota and I think you would find they would disagree at least 20 to 1 with the statement this economist has made.

The overwhelming economic judgment is that acres would jump to about 70 million and production to about 1½ billion bushels, and this would mean about \$1 wheat; an overwhelming economic judgment reaches that conclusion.

Mr. FINDLEY. But there is expert opinion indicating the price might be higher than \$1.25.

Mr. FREEMAN. Anything might happen.

Mr. DOLE. I have two more questions.

Mr. POAGE. I think I announced sometime ago in this committee that certainly the Chair would not be too strict about letting a member yield to let someone else take part in the immediate discussion, ask a question or make a comment on that particular subject but that everybody knows that the rules of procedure do not allow the member who has the floor to yield the floor to somebody else to develop a general discussion on a new subject without going through the Chair. Now that is exactly what has been happening.

Mr. FINDLEY. A parliamentary inquiry, Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. FINDLEY. The point that I discussed was precisely what was under discussion at that time and I did not go beyond it in my questions.

Mr. POAGE. You went a good long time. Whether you went beyond the bounds of reason or not, you were on the road a long while. I think that we ought to apply some reason here, gentlemen. I do not want to take the floor away from Mr. Dole if he wants it again but he has had one bite, you have had two, and it seems to me that those who have not had a chance to be heard at all ought to have a chance to be heard.

Mr. Dole, go ahead.

Mr. DOLE. Thank you.

Mr. POAGE. Please do not give the floor up again without announcing that that is what you are doing.

Mr. DOLE. I won't do it even then.

Going back to education, last week I was notified that many businessmen in my district, in a pilot project—there are several pilot projects going on—are getting a 25 question and answer on the wheat referendum in an effort to familiarize themselves with the 1964 programs. These were mailed not to farmers, but a hardware store proprietor, the druggist, and so forth, in an effort to tell him about the 1964 wheat program so he might, I suppose, visit with the farmer. Is this something that was initiated in Washington or on a local level? Do you know?

Mr. FREEMAN. I really do not know, I hadn't heard of that.

Mr. DOLE. A Member of Congress from the State of Wisconsin received this post card in the mail, a blank card. A letter with the card said they were being handed out in Wisconsin by ASC personnel, asking recipients to write their Congressman to urge him to vote for the feed grain bill.

Is this a practice you would approve?

Mr. FREEMAN. I did not know of that at all. No.

Mr. DOLE. Would you approve of it if you knew of it?

Mr. FREEMAN. It wouldn't make much difference. The county committeemen are elected by the local voters and if they see fit to send a card to their Congressman that is their business.

Mr. DOLE. The committeemen were not sending it. They were passing these around to farm people who were not on the committee and asking that they be sent to his Member of Congress. Is this a proper expenditure of public funds?

Mr. FREEMAN. No. I certainly agree this would not be proper expenditure of public funds. I would prohibit its being done. As you know, the county committeemen that are elected are citizens who work on only a part-time basis and I have a number of problems with elected county committees.

Mr. DOLE. Will you vote in the wheat referendum?

Mr. FREEMAN. Can I vote? No.

Mr. DOLE. You do own an interest in a farm?

Mr. FREEMAN. Yes, sir. We do not grow any wheat.

Mr. DOLE. Is there assurance, then, if we approve this bill there will not be an effort to spend a lot of money and time trying to sell pending programs—I agree with you once a program is enacted everybody who works in an ASC office has an obligation to administer it whether he likes it or not, but would you agree with me that prior to passage of the act there is not this responsibility, in fact, no right to do this?

Mr. FREEMAN. While they are on Government time, they are not proponents in connection with these programs.

Mr. DOLE. This would not interfere with this? The additional Secretary would not be affected?

Mr. FREEMAN. That would have nothing to do with it.

Mr. POAGE. Thank you, Mr. Dole. Mr. Matsunaga?

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. Secretary, on page 12 of your testimony you referred to the fact that you only recently successfully completed a test project to determine if fresh fruits and vegetables could be shifted from this country to Europe with special constant temperature containers. I am interested to know what fruits, especially, and vegetables, were involved and what your Department is doing to get this information to the producers of these fruits.

Mr. FREEMAN. May I submit that information to you and for the record? I know of the work in this field but the particular items and the final conclusions and the distribution of that information is something that I really do not know at this time.

(The information referred to above follows:)

OVERSEA SHIPMENT OF AGRICULTURAL PRODUCTS

In an exploratory effort to see if a more efficient way could be found to transport American farm products to overseas markets, 10 agencies or organizations under the leadership of the 2 marketing research divisions of our Agricultural Marketing Service cooperated in conducting a test shipment in November 1962 which has attracted a great deal of attention. At Auburndale, Fla., 800 boxes of grapefruit were packed into a mechanically controlled, constant temperature trailer, built according to research recommendations, and transported on a direct through-bill-of-lading to a wholesale distributor's warehouse in Basel, Switzerland. The shipment moved by truck and rail "piggyback" to Norfolk

where the trailer was transferred to ocean liner for the voyage to LaPallice, France, thence the trailer was moved by highway to Switzerland. In this test run the equipment was heating about one-third of the time and cooling the rest of the time. The use of containerization in this manner eliminated numerous handlings, made possible the use of cheaper containers, reduced materially the time required for the trip, and delivered the product in much better condition than with conventional methods.

The results of this one shipment were made available to the public through a Department press release; an article in a magazine published by the Agricultural Marketing Service; a special report to the Florida Citrus Exchange, the Florida Fresh Citrus Shippers Association, and other cooperators in the experiment; and oral presentations to growers and shippers in Florida and South Carolina and to the Department of Defense. From these releases the story was picked up by many newspapers and magazines. Subsequently, wide interest has developed in initiating a thorough research program to perfect better ways of placing our farm products in foreign markets in such a manner and at such cost as to make them competitive with those grown elsewhere. The commodities for which shipments have been proposed to date include, in addition to citrus fruits, celery, peaches, apples, and lettuce. Our research men are consulting with representatives of the Department of Defense looking toward the possibility of using this method to reduce the spoilage and the cost of getting perishable products overseas and to make possible wider use of American-grown perishables by our military personnel stationed abroad.

While funds are not specifically available for this type of marketing research (the one test shipment having been financed by the cooperators), transportation and quality specialists and researchers of the Agricultural Marketing Service are providing such expert consulting assistance as they can to those who are interested. Many problems must be solved before the system is perfected.

Mr. MATSUNAGA. Are you familiar with the tests being conducted by the AEC, relative to the use of low radiation on fruits and vegetables?

Mr. FREEMAN. I know that such tests are being made and that this is a promising field in terms of preservation of these items. The present status of it I do not know.

Mr. MATSUNAGA. You are not working in cooperation with the AEC on this particular project?

Mr. FREEMAN. I would be very confident that we are and our scientists are. I would have to check to give a categorical answer. We seek to maintain a coordination throughout all the Federal Government and indeed with many private sources and land-grant colleges in all of these projects to avoid duplication.

Mr. MATSUNAGA. Would one of the responsibilities of the new Assistant Secretary be to increase your activity in this area?

Mr. FREEMAN. Yes, and to improve the coordination; I am sure if we really went into it we would find it is not all it should be.

Mr. MATSUNAGA. I too am inclined to agree with Mr. Harvey, that this is one of the most important and useful areas of your Department and in my State especially, the State of Hawaii, we must look forward to an increased use of our products out here on the mainland. I certainly would appreciate an increase in this area of your activity.

Mr. FREEMAN. Thank you.

Mr. POAGE. Mr. Hutchinson?

Mr. HUTCHINSON. Mr. Secretary, getting back to a problem concerned with the wheat referendum. As I understand it, on a certain date, all wheat will have to move with a certificate. What about the wheat that on that date will be in inventory of a miller of wheat? Will he be able to acquire certificates for the wheat then in his inventory or will he have to buy those certificates?

Mr. FREEMAN. Just yesterday or the day before yesterday representatives from the trade, including the millers, spent the day with some of our technical people in the Department examining very methodically this problem of transition so that it would be made smoothly, without any losses to anyone involved. There are a number of alternatives that have been explored and I think within a week there will be an announcement as to the final decision as to the best way to handle it. We are very much involved in that.

Mr. HUTCHINSON. Thank you.

Mr. POAGE. Mrs. May?

Mrs. MAY. Mr. Secretary, my question has to do with the proposal before us in that it does connect with the difficulties of administering a large agency such as yours and it refers to a problem we have had in the State of Washington with our State ASC office. About 2½ weeks ago, I would say, I received calls from my district concerning a request made to local county ASC office for names that were on record and supposedly available to all responsible groups requesting such under section 362 of the Agricultural Act of 1938, which says that—

All acreage allotments and farm marketing quotas established for farms in the county or other local administrative area shall in accordance with the regulations of the Secretary be kept freely available for public inspection in such county or other local administrative area.

Then it goes on to say:

Additional copy of this information shall be kept available in the office of the county agricultural extension agent.

Request was made to the local county committee, who said that because of a new policy adopted by the State committee, that these names would no longer be made available for public record. I called Assistant Secretary Duncan, who immediately called out there and very firmly straightened out the State committee, that they had no right to change the law and since this was a statute law we thought everything was settled. There was no blame on your Department, the ruling change did not come from your office. Here was a matter where your own office received information that the Washington ASC committee had gone ahead and taken illegal arbitrary action concerning interpretation of a statute, so Assistant Secretary Duncan informed the State office that they must immediately get out a letter to all county ASC offices saying these names would be available. When I got back to my district last week, when I went home during the Easter recess, I was shown a letter, the letter that went out and a subsequent one that followed from the State committee, saying; "Yes; we will make the names available. You must pay 1 cent apiece for them. You may have all the names and addresses but all other information will be blanked out. You cannot have these names made available on the basis that you want them as to commodities being raised."

I am kind of quoting from memory here, Mr. Secretary. We are still trying out there to get a ruling on this. Is it your opinion that the State committee is interpreting and administering the law correctly under section 362 with this finding as to how these names shall be made a matter of public record and available to the farmers of the district?

Mr. FREEMAN. I really do not feel competent to answer the question.

I had not heard about this problem before. Obviously the names available under the statute should be made available as Mr. Duncan directed. The question as to additional information in a file that might be personal information to a particular producer very often presents a very practical problem in this regard and I would want to take a look at what would be involved here.

Mrs. MAY. We understand and we have tried to get a ruling on this. We understand that other States have been handling this entirely differently than our own State and have been making the names and addresses and the information that is outlined in the law available for legitimate requests.

Mr. FREEMAN. On the face of it it would appear to me it ought to be made available and I would only reserve until I heard the basis on which they were applying the regulation before I gave an answer.

Mrs. MAY. I would welcome clarification.

(The information requested is as follows:)

1. Amendment 2 to part 7 of the regulations governing ASC county and community committees section 7.31 and 7.32 cover the custody and use of book, records, and documents.

2. Handbook 1-CA, section 4, paragraph 96 to 101 contain the instructions for ASC county committees on availability of records and information.

3. Notice SA-1. Reimbursement rates for county lists of farmers' names and addresses.

There was some misunderstanding and misinterpretation of the instructions by the ASC State committee of Washington. This has been corrected and the Washington State committee is now making records and information available in accordance with the above regulations and instructions.

REGULATIONS GOVERNING ASC COUNTY AND COMMUNITY COMMITTEES

[Reprinted from Federal Register of Apr. 25, 1962 (27 F.R.)]

Title 7—AGRICULTURE

Subtitle A—Office of the Secretary of Agriculture

[Amdt. 2]

PART 7—AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

Subpart—Selection and Functions of Agricultural Stabilization and Conservation County and Community Committees

MISCELLANEOUS AMENDMENTS

By virtue of the authority vested in the Secretary of Agriculture by the Soil Conservation and Domestic Allotment Act of 1936, as amended, the regulations in this subpart published in the FEDERAL REGISTER of March 23, 1961 (26 F.R. 2451) and June 22, 1961 (26 F.R. 5555) are amended to: (1) Provide that the regular member of the community committee shall also be second alternate delegate to the county convention, and (2) improve the regulations by eliminating unnecessary administrative detail. The regulations in this subpart are, therefore, amended as follows:

§ 7.11 [Amendment]

1. In § 7.11 the fourth sentence in paragraph (a) is amended to read, "Except where there is only one community in the county, election as chairman, vice chairman, and regular member of the community committee shall constitute respectively, election as delegate, first alternate delegate, and second alternate delegate to the county convention: *Provided, however,* That a person may not serve as delegate if he has been a member of the county committee for that county during the 90 days preceding the community election."

§ 7.28 [Amendment]

2. In § 7.28 the third sentence in paragraph (b) is amended by deleting the phrase, "notwithstanding the provisions of § 7.38".

3. Sections 7.31, 7.32, 7.33, 7.34, 7.35, 7.36, 7.37, 7.38, 7.39, 7.40, and 7.41 are deleted and the following added in place thereof:

CUSTODY AND USE OF BOOKS, RECORDS, AND DOCUMENTS

§ 7.31 Custody.

All books, records, and documents used by the county committee in the administration of programs assigned to it by the Secretary of Agriculture or the Congress shall be the property of the Department of Agriculture and shall be maintained in good order in the county office.

§ 7.32 Use.

The books, records, and documents referred to in this subpart shall be available for use:

(a) At all times to authorized representatives of the Secretary of Agriculture, State committeemen and their employees, county committeemen, community committeemen and employees of the county office in the performance of duties assigned to them under the regulations in this subpart;

(b) At any reasonable time to any program participant insofar as his interests under the programs administered by the county committee may be affected; and

(c) To any other person only in accordance with instructions issued by the Deputy Administrator.

GENERAL PROVISIONS

§ 7.33 Administrative operations.

The administrative operations of county committees such as, but not limited to the following, shall be conducted, except as otherwise provided in these regulations, in accordance with instructions issued by the Deputy Administrator:

(a) Annual, sick, and other types of employee leave;

(b) Location and use of county committee office;

(c) Call, conduct, and records of county and community committee meetings.

§ 7.34 Implementation.

The Deputy Administrator is authorized to issue instructions implementing these regulations.

§ 7.35 Applicability.

The regulations in this subpart shall apply to the States of the Union.

(Sec. 4, 49 Stat. 164, as amended; 16 U.S.C. 590d. Interpret or apply sec. 8, 49 Stat. 1149, as amended; 16 U.S.C. 590h)

Effective on publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on April 19, 1962.

ORVILLE L. FREEMAN, *Secretary*.

[Part 2 1-CA (Rev. 1) Par. 95]

SECTION 4 AVAILABILITY OF RECORDS AND INFORMATION

96 Responsibility

County committees are responsible to the Secretary of Agriculture for the proper use and safeguarding of all materials, records, and documents used in the administration of programs under their direction. Records shall be made available only as authorized in this part or with the specific prior approval of the Deputy Administrator, State and County Operations. County office records are not to be removed from the county office except as specifically authorized in this part.

*—96.5 Policy

County offices have the dual responsibility of administering farm programs and providing adequate public information on how they are carried out. When the latter impedes the former, the primary function of the office cannot be executed and an effective balance must be found between the requirement to administer programs and the policy to inform the public. Therefore, counties have reasonable discretion in filling requests for special tabulations, lists, records, etc., keeping in mind their responsibility to farmers and others as directly affected by farm programs they administer.—*

97 Reimbursement

In general, county committees shall not make special lists or special summarizations of information being made available, but shall select the pertinent records from its files for use by the agency, organization, or person desiring the information. Whenever any substantial expense will be incurred by a county office in making authorized material available, the county office manager shall arrange to secure reimbursement for such expense. Records and information shall be made available only at times when it will not unduly interfere with the regular operations of the county office.

[Part 2 1-CA (Rev. 1) Par 97.5]

97.5 Requests for representative samples of nonrestricted information

The county office shall not honor a request for nonrestricted information which requires that it select farms, or other information, which would be representative of a larger group of farms or of all farms in the county unless the person making the request specifies the basis for selecting the sample. For example, a county office may supply the names and addresses of farmers and other public information on all farms participating in the wheat loan program, but may not select farms or information which it feels would constitute a representative sample of participation in the program. If, however, the person requesting the information specifies the basis for selection, such as every tenth wheat loan approved, the information which is available as public information may be furnished.

98 Names and addresses

A Committeemen and Employees. Names and addresses of members of the county and community committees and names and addresses of employees of the county office are available to anyone and shall be furnished without charge.

B Farmers. Names and addresses of farmers may be made available to any person provided that the conditions of paragraph 97 are complied with. However, they shall not be furnished in the form of addressed envelopes, post cards, gummed labels, etc., which would result in the county office addressing *—material for mailing. The State committee will establish a fair rate to be charged by county offices for lists of farmers' names and addresses. This rate may vary by county. It will take into consideration the type of equipment available in the county for making such lists, and whether or not the list being compiled is a complete list, a partial list, or a selected list. The rate may also include a minimum amount to be charged.—*

99 Administrative data

*—*A Availability.* Records which are not available to the public are available to State and county committees and to authorized employees or representatives of such committees, the Office of General Counsel, the Agricultural Stabilization and Conservation Service, the Secretary, the General Accounting Office, and other Federal or State Agencies in connection with fulfillment of their specific responsibilities. The following is a guide to public availability of administrative records:—*

[Pt. 2 1-CA (Rev. 1) Par. 99]

Type of record	Available to public	
	Yes	No
1. Office leases.....	X	
2. Service agreements.....	X	
3. Employment records (personnel folder material).....		X
4. Election records (except as provided in pt. 1).....	X	
5. Minutes of meetings:		
(a) Regular sessions.....	X	
(b) Executive sessions.....		X
6. Audit reports.....		X
7. Investigation reports.....		X
8. Individual records of personal services and travel.....		X
9. Invoices for purchases and services.....	X	
10. Individual leave records.....		X
11. Collection registers.....		X
12. Bank deposit slips.....		X
13. Bank statements.....		X
14. Canceled checks.....		X
15. Duplicate checks.....		X
16. Disbursement and deposit registers.....		X
17. Correspondence.....		
18. Handbooks, regulations, and notices.....	X	
19. Administrative expenses (see par. 102).....	X	
20. Amount of administrative funds.....	X	
21. Amount of program funds.....	X	
22. Budget and workload data.....	X	
23. Individual suspension, removal, eligibility, or disqualification actions.....		X
24. Personnel hearings.....		X
25. Individual accident reports and records.....		X
26. Individual employee tax withholding statements.....		X
27. Individual employee retirement records.....		X
28. Individual administrative debt records.....		X
29. Indemnity fund claims.....		X
30. Bank reconciliation statements.....		X
31. Individual employee employment, pay, and tax record.....		X

B. *Removal.* Administrative data may be removed from the county office ONLY by personnel named in subparagraph A above and if removed by anyone named therein other than county office personnel, a signed receipt shall be secured which clearly identifies the material and the name of the individual, and agency removing it. If such material is not returned in a reasonable length of time and reasonable efforts to effect its return have been made, the State committee should be so notified and requested to take appropriate action.

[Part 2 County Administrative Handbook (1-CA) Par. 100]

100 Acreage allotment and marketing quota data

A. *Data Reported or Acquired.* Reports, records, and other data reported to or acquired by a county committee in carrying out the acreage allotment or marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, shall be kept confidential by the county committee and its employees. All aerial photographs, records, and reports containing such data (including measured acreages) must be kept confidential, except that owners or operators of farms receiving cotton acreage allotments may inspect all records pertaining to cotton acreage allotments and marketing quotas. Commodity listing sheets may be made available provided any such restricted information thereon is adequately masked. Such data, however, may be made available to the owners or operators involved or to other persons authorized in writing by the owner or operator, and to properly identified representatives of Federal Government agencies for use in the performance of their official duties in connection with specific cases, with the understanding that such data is not to be disclosed to persons outside the Federal Government.

B. Allotments and Marketing Quotas Established for Farms. At the time of mailing to farmers, one copy of each notice of the farm allotment and marketing quota shall be placed in binders or folders, by communities, and such notices shall be kept freely available in the county office for public inspection for a period of not less than 30 calendar days. At the end of such period, the copies of the notices shall be filed in the county office and shall remain readily available for further public inspection. The copies of notices referred to herein shall be maintained in the county office by the county office manager for the use of the chairman of the community committees.

*—*C. Removal From Office.* Acreage allotment and marketing quota data and records discussed in subparagraphs A and B may be removed from the county office only by ASC State and county committees, authorized employees or representatives of such committees, the Commodity Stabilization Service, the Secretary, and the General Accounting Office in the conduct of their official duties. An exception is granted in connection with removal of aerial photography as explained in paragraph 106. Removal of such records shall be subject to obtaining receipts and follow-up on return of the records as provided in paragraph 99 B.—*

[Par 101 County Administrative Handbook (1-CA) Part 2]

101 Other program data

A. General. All other farm data and information relative to farmers' participation in programs, including the amount of ACP cost sharing approved for individual farms, shall be available to anyone for inspection in the county office and may be furnished in response to a request in writing if the conditions of paragraph 97 are met EXCEPT as follows:

1. *The amount of any payments or loans to farmers* shall not be made available sooner than 30 days after such payments or loans have been received by the farmers.

2. *The sales price and the net proceeds from the sales of wool, mohair, or lambs* reported in connection with individual applications filed under the National Wool Act Program shall not be made available. *—Likewise, the total proceeds reported with an individual application, and the average price reported for shorn wool and mohair with an individual application, shall not be made public. This does not prevent giving county totals or county summaries of above information for a marketing year after all payments have been made and provided no prices, weights, etc., are identified with a particular producer.—*

3. *Information on the extent of price support activity COVERING THE TOTAL GRAIN AND RELATED COMMODITIES* (soybeans, dry edible beans, and flaxseed) put under price support shall not be made available for particular period until after notice is received that a national release for that period has been issued. A national release will be issued each month covering activities under these programs up to the end of the preceding month. Release will normally be on or not later than the 20th of the following month. State offices will notify counties that the national release has been made. The purpose of withholding this information until after the national release is to avoid the dissemination of partial and premature information which could have an adverse effect on markets. Information on an individual producer basis may be made available at any time, except that the amount of any payment or loan shall not be made available until 30 days following receipt by the farmer.

4. *The rates of payment at which farmers offer land* under the conservation reserve program shall not be made available as public information until after the closing date for filing applications. The annual payment rate at which a contract is entered into, also, shall not be made available as public information until after the respective contract has been approved by the county committee.

B. Availability to Federal Government Agencies. The data restricted by 1, 2, 3, and 4 above is available to properly identified representatives of Federal Government agencies in the conduct of their official business.

*—*C. Removal from Office.* Forms and records containing data discussed in subparagraphs A and B above may be removed from the county office only by ASC State and county committees, authorized employees or representatives of such committees, the Commodity Stabilization Service, the Secretary, and the General Accounting Office in the conduct of their official duties. Removal of such records shall be subject to obtaining receipts and follow-up on return of the records as provided in paragraph 99B.—*

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

Notice SA-1.
For: State offices.

REIMBURSEMENT RATES FOR COUNTY LISTS OF FARMERS' NAMES AND ADDRESSES

Approved by:

RAY FITZGERALD,
Deputy Administrator, State and County Operations.

1. PURPOSE

To provide guidelines in establishing the amount of county office reimbursement for lists of farmers' names and addresses. This initiates the SA series of notices.

2. REQUIREMENT FOR STATE RATES

Amendment 43 to handbook 1-CA, paragraph 98, informs counties that the State committee will establish uniform rates to be charged for lists of farmers' names and addresses.

3. BACKGROUND

It has come to our attention there is lack of uniformity in the amount charged per name in one State as compared with another. This raises a question as to the methods used in determining an appropriate amount of reimbursement. Our objective is to have reimbursement rates which are equally fair to the county office and the person receiving the list.

4. UNIFORM RATES

The following table reflects rates to be charged when lists are prepared by addressograph. If the list must be prepared by hand, the cost should be determined by the State committee and may be as much as 100 percent over preparation by the hand addressograph.

Type of list	Cost per name with—	
	Automatic machine	Hand machine
	<i>Cents</i>	<i>Cents</i>
Complete county list with no selection.....	4	8
Selected list.....	6	10
Complete list with allotments posted on list by hand.....	10	14
Minimum charge for any list, \$5.		

5. ACTION

The above rates shall be effective not later than July 1, 1963. A State may make them effective before July 1, if desired, provided it clears the date with the area director prior to announcing it. When the changeover to the new rates takes place, valid commitments to provide lists at different rates shall be honored but new agreements shall be at the rates shown in paragraph 4.

6. NOTICE DISPOSAL

When incorporated into handbook 1-SA.

Mrs. MAY. On page 12 of your statement it speaks of the very fine work of the USDA research scientists in perfecting an applejuice concentrate, which is of great interest to my part of the country. Then it says, "as a result a new plant is being planned in a rural area near Yakima, Wash." I have been working on this. My understanding is that one plant will actually be built in the Wenatchee, Wash., area.

I don't know if the Secretary is aware that there has been a longstanding, ardent but friendly feud between the city of Wenatchee, (which is in Congressman Horan's idistrict) and my hometown of Yakima as to which is the greatest apple producing valley and I very much appreciate Wenatchee being referred to as a rural area near Yakima.

Mr. FREEMAN. Thank you for your contribution.

Mr. POAGE. Are there further questions of the Secretary?

Mr. TEAGUE. Not a question, but an additional comment if I may make it.

Mr. Secretary, that may have been a grievous error, though, because as you well know, Mr. Horan is, I believe, the ranking Republican on the Subcommittee on Agriculture of the Committee on Appropriations.

Mr. FREEMAN. This is one of the occupational hazards of my position, as you know.

Mrs. MAY. I will be glad to correct the record if you like. I would not want to offend Mr. Horan.

Mr. POAGE. If there are no further questions of the Secretary, we thank you, Mr. Freeman.

We had our colleagues, Mr. White, and I believe Mr. Olson, although I do not see them at the moment here to discuss the additional gifts they want to bestow upon the Department. We want them to have an opportunity to be heard but I suppose the only thing we can do now is to recess until 2 o'clock this afternoon.

Mr. Grant, who is chairman of the Forestry Subcommittee, will be here to preside over the committee.

Mr. GRANT. Let's get that again, please?

Mr. POAGE. You will be here to preside over the committee.

Mr. GRANT. What time, sir?

Mr. POAGE. Two o'clock. The committee will stand in recess until 2 o'clock.

(Whereupon, at 12:05 p.m., the committee was recessed to reconvene at 2 o'clock, the same day.)

(The committee reconvened at 2 p.m., Mr. George Grant (acting chairman) presiding.)

Mr. GRANT. The committee will come to order. We meet this afternoon to continue the hearings on H.R. 5126 and H.R. 5139 and H.R. 3850, bills introduced by Messrs. Poage, Olson, and White.

Mr. White, we will be glad to hear from you at this time.

STATEMENT OF HON. COMPTON I. WHITE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. WHITE. Mr. Chairman, I had hoped I would have the opportunity to testify this morning when the committee was in a little better attendance than it is this afternoon because I do feel that this is a very important piece of legislation that we are considering and is of great benefit to not only my district and my State but the areas of the United States that contain national forests.

Mr. GRANT. Mr. White, may I interrupt just a moment and say, certainly what we lack in quantity we have in quality.

Mr. WHITE. Thank you, Mr. Chairman.

If I may, I will go ahead and read my statement. The purpose of reading it, sir, is so perhaps you will be able to follow it a little more closely.

Mr. Chairman and members of the Committee on Agriculture, I introduced H.R. 5139 to add two additional Assistant Secretaries of Agriculture to the Department, so that if this committee determines another Assistant Secretary is needed in the Department, he would be designated by law to have forest resources as his prime responsibility. Should you determine that the Department needs an Assistant Secretary for other purposes, as the Secretary has indicated, I urge your consideration of authorizing one more to head the U.S. Forest Service.

I introduced this bill as a solution for two very grave problems in those States in which there exists a substantial acreage of national forest lands. One of those problems has been discussed thoroughly by this and the former Congress, that is, the depressed state of the softwood lumber industry, which I will show has been caused in great part by the policies and attitudes of the U.S. Forest Service as presently structured. The other is a less notable, but nonetheless a serious problem in these same areas. This problem is the ever-decreasing percentage of national forest timber sales' proceeds that are remitted to the States in which the national forests exist. Under the law, 25 percent of the total receipts from each national forest is to be paid to the State treasury in which the national forest is situated (16 U.S.C. 500). The pricing policies of the U.S. Forest Service have driven this percentage down to as low as 6 percent of the sales receipts from national forests in my State.

My own experience as a lumber producer and purchaser from the U.S. Forest Service convinced me of the need for an Assistant Secretary of Agriculture for Forest Resources and Research. However, as soon as I opened my congressional office last January, I sought to have a broader understanding of the lumber recession and its causes. After more than a month's study, I sent a résumé of my findings to lumbermen in the State of Idaho, asking for their criticisms or recommendations. Although there are many causes of the depressed state of the lumber industry as the Tariff Commission pointed out last February, the men who cut and manufacture our lumber, almost universally responded that the most damaging factor is the pricing policy and timber sales management policy of the U.S. Forest Service. This policy has driven the price of stumpage in the United States to three times that of our Canadian competitors. The most recent figure I have is \$21 per thousand board feet in the United States versus \$7 in Canada.

Although there are many smaller causes of this price differential, the two most outstanding are the unrealistic "allowable cuts" set by the Forest Service and its fantastic requirements for road construction, slash disposal, and the K-V factor. By arbitrarily setting the allowable cut so low, the timber purchasers are forced into cutthroat competitive bidding for sales by the Forest Service. In a State where 71 percent of the timber is held by the Forest Service, you can well imagine the importance of this factor in timber prices. The costs of the road and K-V requirements often exceed the actual value of the timber harvested from the national forests.

After less than 4 months in office, my files are filled with concrete examples of the autocratic management of our national forests and the devastating effects this has on not only the lumbering industry, but the grazing and mining industries as well. Just the other day I had

an inquiry from a producer in my district regarding the construction of a road to a Forest Service helispot as part of a timber sales contract. Upon my protest to the Chief of the Forest Service, I received the following answer:

We regret this incident, which may have been avoidable through better communications at the field level. This type of action does not represent good sales administration.

Any member who has dealt with the Forest Service knows that an admission of this nature by that agency is something to write home about.

Last year when a bill of this nature was introduced, the Department stated that it had no need for adding to its bureaucracy. About the same time, promises were made to western delegations that some house cleaning would take place in the Forest Service. "Top priority" was to be given to a review of the "allowable cut" and other policies. Sad evidence that there has been little, if any, change of heart in the Forest Service, is the fact that at the beginning of 1962 there were 215 mills operating in my district, today there are just barely 100 surviving.

I might add at this point, Mr. Chairman, these people are not a standby basis, they are actually out of business. They are done. They have sold their machinery and have quit the industry.

The price of stumpage has risen since then. There has been no change in the road and K-V requirements except toward higher costs. I am convinced that the present organizational structure of the Forest Service is not capable of an Operation Bootstrap.

The U.S. Forest Service is made up of some highly qualified and dedicated men. For the most part, they have fine educations in the field of forestry, have fine principles and are very patriotic. However, just as the Bureau of Public Roads could not properly fulfill all its functions if all its hierarchy consisted of civil engineers, the Forest Service has difficulty in its administration by professional foresters. Attorneys, economists, educators, and political scientists should be part of the organizational superstructure of the agency which manages so many acres and which has put such an impact on the economic lives of so many Americans. The Forest Service is an agency of technicians, but it is obvious to those who deal with these technicians that more direction along the lines of basic policy judgment is absolutely necessary. I think that restoration of an Assistant Secretary to guide these specialists would definitely improve not only the basic industries adjacent to the national forests, but would bring the "in lieu of tax payment" to the States within the 25 percent required by our law.

The number of employees of the Forest Service, the amount of money under its control, and the vast acreage in its custodial care amply justify the appointment of an Assistant Secretary of Agriculture for Forestry Resources. Should the committee desire, I will supplement my oral statement with the pertinent statistics on these matters as well as with concrete examples of the policies that have been so detrimental to the people depending upon proper management of the national forests for their livelihood. In order to provide time for other witnesses to appear today, I will close with my earnest request that you favorably report H.R. 5139.

Mr. GRANT. Thank you so much, Mr. White. I can see your intense interest in this subject due to the fact that approximately 50 percent or more of the mills in your district have had to not only close down, as you say, but have just gone out of business.

Mr. WHITE. This is true, sir.

Mr. GRANT. I note that you state you think there should be a restoration of the Assistant Secretary. Was there ever an Assistant Secretary in charge of this?

Mr. WHITE. There was an Assistant Secretary that had under his direction forestry until 1960.

Mr. GRANT. Mr. Teague?

Mr. TEAGUE. Let me start out by saying that although I have some regrets now I did vote last year for the trade expansion bill which was designed to, in effect, reduce tariffs and increase our whole trade picture both export and importwise. Do you think just the creation of a new Assistant Secretary of Agriculture in charge of forestry problems is going to solve the basic question of stumpage which apparently has made it possible for Canadian lumber people to compete unfavorably from your standpoint, with American lumber producers?

Mr. WHITE. No, sir, I do not think this is the only solution. It is but a partial solution to a problem. There are many areas where the industry could be helped and this is one that I think could be helped. There is existing legislation on the statute books today that could be invoked to help the lumbering industry, such as a countervailing duty statute whereby an industry hurt by a subsidy of a foreign government, duty in that amount could be imposed on the imported product. I feel that Canada is doing this. In their pricing, in their policies of timber sales management, through noncompetitive bids, and so forth. But to say this is the only solution, I say "No." This is but a partial solution. The deeper I dig into this problem the more I find I am faced with a ball of yarn with a hundred loose ends and you follow each one as far as you can and try to find some relief in each area.

Mr. TEAGUE. I believe I understand exactly what you are trying to do and it is quite understandable. You are trying to assist the lumber industry of your State but it would seem to me this runs a little contrary to the policy of the administration to encourage foreign trade. If the Canadian lumber people can compete and supply lumber products to this country at a lower price than we can, there are many people in the White House, and I am not one of them, White House advisers, who think this is all to the good. That is my point. Is it your position and your whole attitude here contrary to a greater and freer trade between countries?

Mr. WHITE. I think, sir, you are probably right but I have a basic concept that I feel as a Member of this Congress that I am going to have to consider, and that is that all of our wealth is based on the basic industries of the United States. When we import everything we need from outside the United States to the detriment of the basic industries of the United States, notwithstanding that certain other areas are benefited by this, ultimately we may have to depend on these basic industries in the event we cannot import the things that we are importing today. So I still will have to say that I favor a thriving, prosperous industry in every field.

Mr. TEAGUE. We all do. It is a question of how we get it. I have a similar problem with the cattle industry in California where we are forced to deal with the imports of Australian beef and so forth. I understand the problem and I wouldn't expect you to agree or deny, but you are talking pretty much like a Republican protectionist. I say this and I voted for the trade bill. I am not sure it was a good vote.

Anyway, you have stated your position very eloquently.

Mr. WHITE. My primary objective here is to represent the people and the industry of my district, for their benefit.

Mr. TEAGUE. And that is as it should be.

Mr. MATSUNAGA. On page 1 of your testimony you say 25 percent of the total receipts from each national forest is to be paid to the State treasury in which the national forest is situated. Then you go on to state that in fact this percentage has been driven down to as low as 6 percent of the sales receipts from national forestry in your State. Now, is there a violation of a statute here?

Mr. WHITE. Well, Mr. Matsunaga, may I start at the bottom and try to work back and answer your question. I feel there is a violation. The statute is plain.

It sets forth that 25 percent of timber sales management, grazing fees, and mineral leasing must be returned to the county for the maintenance of schools and roads. It is so set forth in the section that I cited here. Now, the Forest Service has taken this particular section and in their policy manual after the Knudsen-Vandenberg Act was passed for reforestation, have adopted a policy under which there is no limitation for reforestation as provided by the Knudsen-Vandenberg Act but that required and needed for good management. They have taken the amount of money required for reforestation out of the 25 percent that has been considered as being in lieu of tax payments for maintenance of schools and roads. They have also by their sales procedures, included in the bid the roads that are constructed on a sale, the operator who happens to be the successful bidder must build certain roads as required by the Forest Service and this road money also is removed from the 25 percent that should revert back to the schools and counties.

Now, I have attempted to ask the Forest Service to provide me with information that would show a trend. They have given it to me in every way but a usable form. I believe they have done this purposely. I believe that a true evaluation will show that timber sales receipts are on an upward slope like this [indicating] and in lieu of tax payments on a downward trend [indicating]. I might cite my own county where last year we had 100 million feet of timber—in fiscal year 1962—harvested and the actual amount of money received in this county was \$11,000 for roads and schools and they own over 70 percent of this county. If this land was on the tax rolls it would be providing more than ample funds for schools and roads. If you owned it, Mr. Congressman, that would be the situation you would have to face up to and you would have to pay the taxes on it.

Mr. MATSUNAGA. You are saying the department has included as expense items things that should not be included so that the return or the percentage which is returned to you is calculated on a smaller amount than the gross receipts? This is what you are saying?

Mr. WHITE. I say, in effect, that the amount actually received after the road construction and K-V factor has been withheld from the timber receipts that we end up with certain sales as low as 6 percent of the gross receipts for schools and county road maintenance.

Mr. MATSUNGA. Has anyone in your State, or the State, or any official of the county involved challenged the legality of the practice?

Mr. WHITE. This is a subject that has had general exposure all over the State of Idaho. It has become a campaign issue and is something we are aware of and this is the reason for asking for this Assistant Secretary. Someone who is approachable, someone who would give us some consideration. Not just justify their position in every instance.

Mr. MATSUNGA. Has there been an adjudication of the question?

Mr. WHITE. There has not been an adjudication to my knowledge.

Mr. MATSUNGA. I would think some citizen ought to bring a suit in this matter. From your testimony it appears there is a violation of the statute and that might be the course that should be taken, perhaps.

Mr. WHITE. I believe it would bear further investigation.

Mr. JONES. You mentioned the number of mills going down. It goes from 215 to, apparently, 100. That is not unusual to happen in any place where you are cutting timber though, is it?

Mr. WHITE. I feel that a percentage of 47 percent, which this is, going completely out of business due to the lumber marketing situation is an unusual thing. It is unusual in my area.

Mr. JONES. In the area where I live, ours were not forests but we had lumber mills when I was a young man and we have none now because they cut all the timber out. If we turned the mills loose they would cut down all the forests if we didn't have some formula to preserve and maintain the forests. Does it resolve itself into just an economic situation? Those who can operate more efficiently can keep on operating, or if they can pay the price, there—I mean do the mills take the attitude that the formula under which the forests are operated and the cut that is allowed there is too low?

Mr. WHITE. This has been the case that they have. I think that your interpretation of my remarks is not quite correct, sir. My remark with respect to the reduction in the number of mills and the cause for this is not that the timber has been depleted. I think I can say with all sincerity that there is enough bug-infested, rotting trees in the forests of Idaho, due to the fact that the allowable cut has not been properly evaluated to maintain the majority of these mills and with proper timber sales management they could have been in operation. I will also say this to you, sir, that at the present time because of these policies the Forest Service is not keeping up with that allowable cut, that they have decided is a correct amount for the State of Idaho. There are sales in Washington County last year that no one even bother to bid on. The Potlatch Forests in Idaho who are not cutting the timber on the Forest Service but cutting the timber on their own land and their allowable cut analysis is going to have to be radically overhauled simply because of this situation.

Mr. JONES. You mean they have their own land outside of the forests?

Mr. WHITE. Interspersed with the federally owned land.

This is true not only of the small mills but it is true of the big mills. Diamond National's lumbering operations are losing money. PFI, if it wasn't for the tissue and paper—the actual lumber production is losing money today because of the competition from Canadian timber and the sales and management procedures of the Forest Service today. Now, I cannot speak for the entire United States but that is true in the State of Idaho.

Mr. JONES. What would be your position on the Government acquiring more land out there in that area for national forests?

Mr. WHITE. I would be very definitely opposed to it, sir. They own 63.4 percent of the State of Idaho now and I think that is a sufficient amount.

Mr. JONES. I would be inclined to agree with you on that.

Mr. TEAGUE. If the gentleman will yield, I also agree; I have the same problem.

Mr. JONES. That is all; thank you.

Mr. GRANT. Is it not a fact, Mr. White, with reference to the conversation where Mr. Jones said there are mills out of business in the State of Missouri, that in your State of Idaho where approximately 70 percent of the land is in national forests, that the national forests should have a good system of reforestation which would to a great percentage keep these mills at a higher rate of operation than in other sections of the country? For instance, in Missouri you might say the land is being utilized for other purposes such as farming and industrial pursuits and for population expansion in the cities. Those things take up a lot of the land that is not being taken up in your State.

Mr. WHITE. Well, sir, in the State of Idaho we have recently had a reclassification of a certain area called the Selway Bitterroot area which is roughly 1.5 million acres that has been put into a wilderness classification. We have recently been notified by the regional forester in Ogden that the Sawtooth wilderness area is to be established. We have also a primitive area in connection with this which is in excess of these that are still potential areas for wilderness. The area that I am talking about is in excess even of these areas. I would like to have this committee realize that my position here is not to exploit to the detriment of the future generations our resources or our water resources or our recreational resources. I am a strong believer in the multiple use concept and I have been ever since I can remember. I feel reforestation is a principal part of good forestry management and proper cutting procedures, proper disease control, all of these things are part of this. But I do not believe we are even accomplishing this in the State of Idaho at present.

Mr. SHORT. Mr. White, I would like to go back to the discussion that was going on when I came in—and I am sorry I was late—that was going on about the return to the counties of 25 percent of the gross revenues from forestry lands in lieu of taxes. I am not familiar with actual forest areas but I am very familiar with this provision of law as it applies to grazing lands. This is a hard and fast law, as I understand it. Does the Forest Service give any explanation as to why they are deviating from this 25 percent provision of the law?

Mr. WHITE. No. They cloak themselves in a toga of protecting our forest stand and through their policy manual the interpretation of the

law is that the expenditures for reforestation, the expenditures for road construction are a part of good management and should come out of this 25 percent. I have attempted to determine, I can find no valid interpretation of the law that they are working under. It is merely that the manual says that we are going to do it this way and their policymaking section has so interpreted the law without any recourse by anyone, and I believe that this is incorrect and it is one of the purposes of this legislation to try and correct this, to bring the policy section up to a place that will be open to suggestion, where hearings and so forth could be held with these people to have a proper adjudication of this law.

Mr. SHORT. Could the Forest Service within a county assume the entire responsibility of the costs of maintaining a roads system in the forest lands? This might be a partial justification for what they are doing and they are taking over this responsibility and expense that might accrue to the county if the Forest Service didn't do it. Do they actually do this?

Mr. WHITE. They do this on their own land but they do not do this in the county as such. Just in sales areas, not on the entire road system of the county; no.

Mr. SHORT. Do the counties have to spend money maintaining and constructing roads on forest lands?

Mr. WHITE. They do not maintain or construct roads on forest lands except privately owned lands where someone has a piece of property back in the forest where they feel that they have to have ingress and egress to the land. But they do do this, in even the little village I come from, one of our big problems is to maintain the streets and the county roads to handle the logging trucks that come off of the forests but the forest does not contribute to—except this amount in lieu of tax payment.

Mr. SHORT. This is a very interesting thing to me. I had no idea that they were deviating from this provision of law and I would be interested in the Forest Service projection of why they feel they have some justification for deviating from this provision of law. If I understand you rightly, you think that they have no justification and have offered no justification?

Mr. WHITE. This is correct. This is my feeling in this matter.

Mr. GRANT. For the information of the gentleman, I think it will be the intention of the Forest Subcommittee to have a conference with officials of the forestry department sometime later and this matter will be gone into.

Mr. TEAGUE. Just this brief comment: In watching the reporter's fingers a few minutes ago, I am afraid he understood Mr. Jones to say, "When I was a young man." I understood him to say when he was a "younger" man.

Mr. GRANT. The record will be corrected accordingly.

Mr. White, we certainly appreciate your kindness in coming before the committee and giving us this valuable information.

Did you wish to file a statement for Mr. Olson?

Mr. WHITE. Mr. Olson has asked me to file a statement for him and he would like to have it appear after my statement in the record.

Mr. GRANT. Without objection, it will be filed.

(The statement follows:)

STATEMENT OF HON. ARNOLD OLSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. Chairman and colleagues, I appear before you today in support of my bill, H.R. 5126—to establish in the Department of Agriculture an office for two additional Assistant Secretaries of Agriculture, one of whose prime responsibility shall be forest resources.

The lumber industry in the United States is an important part of the economic and social well-being of millions of our citizens. I come from a district of 17 counties—each of these counties compose millions of acres of private- and Government-owned timber.

Over the years the lumber industry has taken its place as a vital part of our economic strength. Employment from timber is a bulwark of the western Montana economy. In some western districts, wood products and related industries account for more than half of the industrial employment. Each year millions of dollars flow into the economy in wages and in finished products for the American people. Jobs, wages, and industry are not all that have grown from this harvest of the forest—nearly \$17 million to improve schools and roads was returned to those counties in which the national forests are located. Much more is harvested from the forests than timber. Millions of American people are demanding more and more recreation. Millions of people spend leisure hours in camping, fishing, hunting, and hiking. Recreation activities generate substantial economic benefits for surrounding towns. The watershed for water supply for families, commercial users, farmers, and for sportsmen is managed by the Forest Service. All these activities and necessities demand practices of wise forest land management.

The Department of Agriculture and the users of the national forests are partners in progress. Since 1953, the magnitude of the Department's complex problems has increased considerably without any increase in the number of top-level policy positions within the Department. The increasing demands by the public for more uses of the land requires top-level attention to the problem of management of our forest lands.

Some of the problems that face the forest industry today are beyond the control of industry, and they are also beyond the control of the Forest Service department. Many of our problems often reflect frustrating changes in byproducts and scientific and technological changes in this new age. Along with this we have a step-up of lumber imports from Canada, where foreign competition is beating us in our own backyard.

The forest products industry needs and merits increased attention from our Federal Government. Today the department and industry are moving ahead in research in forestry and wood products. Research is basic to a solution of all problems. We must recognize the increased importance of the Forest Service to the Nation as a whole as well as the forest products industries. Therefore, I urge adoption of this legislation.

Mr. GRANT. The next witness is Mr. Donald Baldwin of the National Lumber Manufacturers Association.

STATEMENTS OF DONALD BALDWIN, DIRECTOR OF LEGISLATIVE RELATIONS; RALPH D. HODGES, JR., CHIEF FORESTER; AND WILLIAM T. JOBE, JR., GENERAL COUNSEL, NATIONAL LUMBER MANUFACTURERS ASSOCIATION

Mr. BALDWIN. Thank you very much, Mr. Chairman. I am Donald Baldwin, director of legislative relations for the National Lumber Manufacturers Association and I have with me Mr. Ralph D. Hodges, Jr., who is our chief forester, and Mr. William Jobe, Jr., who is our general counsel.

Mr. GRANT. Do you have a prepared statement?

Mr. BALDWIN. Mr. Hodges has a prepared statement which he will give for us.

Mr. GRANT. All right.

Mr. BALDWIN. I just wanted to say in addition that we heartily endorse and associate ourselves with your colleague Mr. White's statement. I believe it was a very just and proper presentation of the facts. We are very pleased to be here and know that the chairman of the Forestry Subcommittee is privileged to sit as chairman to hear us today.

Mr. Hodges will give our statement at this time.

Mr. GRANT. You may proceed as you please, Mr. Hodges.

Mr. HODGES. Mr. Chairman and members of the committee, my name is Ralph D. Hodges, Jr., I am chief forester for the National Lumber Manufacturers Association, which is a federation of 16 regional species and products associations representing lumber manufacturers throughout the United States. With me is William T. Jobe, Jr., general counsel for NLMA, who will assist me in answering any questions that you may have.

The lumber industry in the United States is confronted with problems today that go to the very heart of its survival. The lumber industry is the fourth largest employer of manufacturing labor in the United States and operates significantly in areas where at the present time there are no other opportunities for employment. The lumber industry is also a substantial timber grower. For these reasons we believe that providing an additional Assistant Secretary of Agriculture to assist the Secretary primarily in matters related to forestry is of overriding importance.

This morning Secretary Freeman explained that the Department of Agriculture desires that an Assistant Secretary be provided to handle research matters. If this be the case, it is our suggestion that a second Assistant be provided so as to be able to spend the major portion of his time on matters directly related to forestry.

We would certainly not presume to suggest the appropriate organization of the Department if we did not believe this matter was of overriding importance to our industry. It is obviously not the role of the lumber industry or any other group of citizens to direct the management of an executive department. However, our experience has convinced us that the Secretary of Agriculture is in need of a policymaking Assistant who would be able to offer his full-time guidance and assistance and advice in the direction of the forestry program of the Department of Agriculture.

We think it is significant that for more than 10 years the lumber and forest products industries have been negotiating with the Forest Service on the basic issues of national forest management. These negotiations have been conducted at the local State, regional, and National levels. I would like at this point, Mr. Chairman, to offer for the record a summary statement of the Western Pine Association, which represents lumbermen throughout the West, on a single phase of the lumber industry's well-publicized four-point program—that of dealing with equitable appraisal policies on Government timber. I request that it be filed.

Mr. GRANT. Without objection, it will be made part of the files of this committee.

Mr. HODGES. Let me summarize very briefly some of the efforts expended by the domestic industry in attempting to reach accord with

the Forest Service in direct negotiations. Dating back to 1949 those companies which offer job opportunities for the forest-dependent communities throughout the United States requested of the Forest Service that a more realistic attitude be taken with regard to the timber being sold from public lands under the management of the Forest Service. As early as that date the industry recognized that inequitable appraisal policies were imposing hardships on communities without any significant benefit to the Federal Government.

Little, if any, concrete and lasting results were achieved from these direct discussions. Although other issues have been subject to similar negotiations, the most important problems that have been discussed exclusively with officials of the Forest Service are the following:

1. That the full sustained yield annual allowable cut be offered for sale.

2. That a fair allowance for profit and risk be made in timber appraisals.

3. That contract provisions be spelled out in timber sale contracts before a timber sale is made.

4. That a meaningful appeals procedure to handle grievances promptly and impartially be established within the Department.

It is unfortunate that we must report to this committee that no substantial policy change was made over those years in regard to these matters as a result of direct negotiations with the Forest Service.

In November of 1961, finally agreeing that all hope of progress from direct negotiation with the Forest Service was exhausted, the lumber industry decided to appeal its case directly to the Secretary of Agriculture.

Members of this committee and some of your staff assistants were present in the Department of Agriculture on February 21, 1962, when a nationally united lumber industry presented its recommendations to the Secretary with respect to national forest management. Mr. Chairman, at this point I would like to offer for the files of the committee a copy of the remarks made on that eventful day last year to Secretary of Agriculture Freeman. Many of you have received copies of this booklet already.

Mr. GRANT. Without objection, it will be made a part of the files of the committee.

Mr. HODGES. Twenty Senators and Representatives of both political parties were present during the entire presentation in the Secretary's conference room, and two dozen others were represented by their principal staff assistants, attesting to congressional concern with Federal treatment of timber operators. The 55 representatives, mostly from very small communities, speaking for 35,000 sawmill operators directly providing the livelihood of over a million people, traveled a total of 80,000 miles to present their views to the Secretary.

Most of you are familiar with the four points presented to the Secretary. Briefly, they are:

1. Institute an orderly program of timber sales designed to promote the regular sustained-yield harvest from national forest commercial forest areas, to insure community stability, continuous employment, improved wood products and a healthy forest industry;

2. Take cognizance of the monopoly the Government has as the principal seller of timber in large areas, and avoid taking advantage of the dominant position in the setting of rates for timber;

3. Revise the existing procedure for appealing adverse decisions of the Forest Service; and

4. Revise the existing Forest Service timber sales contract form, to provide a normal buyer and seller relationship.

Immediately following the industry's presentation Members of Congress spoke up.

Senator Morse stated:

I have seen delegations come and go in Washington and the trouble with them is that they do not follow through. The carry through is what is needed. I believe that an advisory council of the lumber industry, a tripartite—industry, labor, Government, and general public advisory council for the Secretary of Agriculture should be appointed. It should be a clearinghouse between the agency and the industry. It should not direct the industry, but should assist it in making decisions. We've got a problem and we've got to solve it. In the towns and cities in the national forest areas, the ringing of the cash registers on Main Street is dependent on the wise management of the national forests.

The late Congressman from California Clem Miller stated that—

The Secretary must of necessity concern himself with agricultural problems and one of his difficulties is liaison with the Forest Service. A divorcement or a gap exists between the Forest Service and the Secretary and between the Forest Service and the Congress.

Congressman Morris of New Mexico said that—

I get more complaints on the Forest Service than any other agency. The industry points presented are not petty gripes that developed overnight. They are long-term policy problems.

Since the February 21 meeting with the Secretary of Agriculture the lumber industry considers itself extremely fortunate in receiving so much of the personal attention of Secretary Freeman on forestry matters of direct importance. In fact, it is fair to report that no Secretary of Agriculture in recent history has devoted so much of his own time to the problems within his Department involving the forest products industry.

In June last year the Secretary of Agriculture responded to the industry's request for consideration of four basic points. Mr. Chairman, with your permission, I would like to have his response made a part of the file of this committee along with the industry's reaction under date of August 9, 1962.

Mr. GRANT. Without objection, the documents referred to will be placed in the files of this committee.

Mr. HODGES. This week, the president of National Lumber Manufacturers Association, Mr. N. B. Giustina, summarized the progress made in our direct negotiations with the Secretary of Agriculture on the four-point program in the following terms:

ALLOWABLE CUT

We asked the Secretary of Agriculture to have the Forest Service announce its allowable cut basis and plans for each national forest locally on an annual basis. The Secretary has agreed, with some reservations, and we have agreed to see how it works for a year. It's too early to tell if the allowable cut and performance data that we are seeking is to be made available to the people dependent on each national forest, but at least we are in substantial agreement with the Secretary as to the reasonableness of the idea.

APPRAISAL PROCEDURE

We also asked for a higher degree of stability in the appraisal system; one that would prevent the Forest Service from taking advantage of its monopoly power in the stumpage market. The Secretary has appointed a three-man group from outside the Forest Service to study Forest Service appraisal practices. The committee is now working on its report, which is to be released by June 1.

REVISION OF THE FOREST TIMBER SALE CONTRACT

The process of Forest Service timber sale contract revision is under way. The industry has asked for some major changes. The Forest Service has suggested certain major changes, some of which are an attempt to answer the industry's suggestions. Industry groups around the country have been swamped with work on capital gains, road regulations, and the timber appraisal review project and have not been able to put the time in on the contract revision in order to take advantage of the opportunity that the industry has created. This is a subject on which all of you that purchase Government timber should devote more energy. If we fail to take advantage of the opportunity to improve the Forest Service timber sale contract we have only ourselves to blame.

APPEALS PROCEDURE

The final part of the four-point program is the request that the Secretary of Agriculture adopt a new and equitable appeals procedure.

Anyone with even an elementary understanding of the vast economic power in the hands of the Federal timber sales agencies would not be surprised by my statement that we have been able to accomplish practically nothing on this issue. We all anticipated that this would be our most difficult hurdle.

Fortunately, for our side, both timber sale purchasers and those faced with the proposed new right-of-way regulations know and understand the need to be able to stem unwarranted use of Federal monopoly power.

Before commenting on the last two points raised by Mr. Giustina, I would like to request of the chairman that this summary report of Mr. Giustina's remarks concerning the progress in our dealings with the Secretary of Agriculture be inserted at this point in the record.

Mr. GRANT. Without objection, it will be inserted.

(The document follows:)

YEAR OF COOPERATIVE EFFORT YIELDS BENEFITS TO BOTH LUMBER INDUSTRY AND U.S. FOREST SERVICE

WASHINGTON, D.C., February 21, 1963.—The first anniversary of the American lumber industry's four-point program to improve its economic condition while simplifying dealings with Federal timber selling agencies was marked today as the Forest Service submitted for industry consideration a significantly modified timber sale contract form.

N. B. Giustina, Eugene, Oreg., president of National Lumber Manufacturers Association, commented upon Forest Service action on the fourth point of the industry program, "Receipt of these proposed revisions from the Forest Service on the first anniversary of our historic meeting with Secretary Freeman demonstrates conclusively the constructive attitude and substantial effort which the Department of Agriculture has put forth to provide realistic operating condi-

tions for purchasers of National Forest timber. Through the personal interest of the Secretary, the Chief of the Forest Service and his staff, considerable progress has been made in recognizing the necessity for modernizing policies and practices which were tending to impose unnecessary hardships upon the lumber industry. It is apparent that cooperation between the industry and the responsible Federal officials can produce significant beneficial results for each."

Fifty-five industry representatives met with the Secretary of Agriculture in the presence of 20 Senators and Representatives of both parties and the principal staff assistants of two dozen other legislators on February 21, 1962, to present their views to the Secretary.

The industry principals, mostly from small communities, spoke for 35,000 saw-mill operators who provide the livelihood for over a million people.

The industry, in a carefully documented formal presentation, called upon the Secretary of Agriculture to—

- (1) Institute an orderly program of timber sales designed to promote the regular harvest of trees from national forest commercial forest areas, to insure community stability, continuous employment, improved wood products, and a healthy forest industry;

- (2) Take cognizance of the monopoly the Government has as the principal seller of timber in large areas, and avoid taking advantage of the dominant position in the setting of rates for timber;

- (3) Revise the existing procedure for appealing adverse decisions of the Forest Service, U.S. Department of Agriculture; and

- (4) Revise the existing Federal timber sales contract form, to provide a normal buyer and seller relationship.

Mr. Giustina emphasized that although NLMA had originally sponsored the meeting with the Secretary to discuss the industry program, the widest possible representation among industrial forestry and similar groups was involved in preparing the material and in its subsequent development with Forest Service personnel.

Praising the total participation within the industry, Mr. Giustina asserted, "Rarely in my experience in this industry have so many highly qualified men invested, with greater willingness, their time, their judgments, and their experience in the research and negotiations which have led to industry-Government understanding. Every organization which participated deserves the thanks of the entire forest industry."

An analysis of progress to date indicates that there is substantial agreement on the cardinal points of the industry's program.

With respect to point one, sale of the allowable cut and publication of potential yield information, Secretary Freeman acted last month to amend two regulations fulfilling much of the industry's request. These changes, coupled with the Secretary's commitment to provide additional national forest resource information indicates that the industry and Government are close enough together in this area to warrant a thorough trial period under the new conditions.

Reacting to industry's point 2 on appraisal practices, the Forest Service has stopped its forward pricing, a practice of attempting to forecast market prices. Appraisals are now made to current market conditions as requested by the industry.

Mr. Giustina, in commenting on progress in appraisal matters, made the point that a substantial difference remains between the industry and the Government over the methods to be used to determine risk and investment allowances.

"We have considerable concern on this issue," he said, "and with the eventual findings of a three-man timber appraisal review committee recently appointed by Secretary Freeman. The committee includes a professor of forest economics, a real estate appraiser and an engineer from the Internal Revenue Service. The industry has undertaken to prepare a paper which gives the background of the industry problems with forest service appraisals."

Point 3 of the industry proposals concerned appeals procedures and the Forest Service, at the request of Secretary Freeman, has reviewed appeals procedures employed by other Federal agencies. The Forest Service now apparently believes that definite contract terms are needed to give meaning to an appeals procedure and that an appeal from a timber sales contract requires a different procedure than an appeal from a land-use decision. Several alternate administrative appeals procedures are expected to be under joint study with the industry soon.

Today's presentation of the proposed revision of the Forest Service timber sales contract form for industry review and comment marks significant progress toward realization of the industry's point 4. The industry will carefully review the new proposals and work out details with the Forest Service.

Mr. Giustina concluded, "The developments in this past year reflect great credit upon all concerned, the Secretary of Agriculture, Forest Service officials, association staffs, individual lumbermen, and, not least by any means, those Members of the Congress who have consistently demonstrated their determination that our industry would have a fair hearing on these matters and would receive cooperation toward a solution. These we have had and our relations with Federal agencies have never been at a higher point of mutual confidence and understanding."

Mr. HODGES. Mr. Giustina, in his summary statement, made reference to two specific matters that we would like to call to the attention of this committee as examples of areas in which the appointment of a top-level policymaking Assistant Secretary of Agriculture could be of direct benefit to the administration of the Department of Agriculture programs in forestry matters.

The first of these has to do with the urgent need for a new appeals procedure. We feel that it is totally inadequate to have decisions made by the Forest Service reviewed by the Forest Service, and then as a practical matter, finally decided by the Forest Service in the name of the Secretary.

Mr. GRANT. Mr. Giustina also referred to the right-of-way problem. Without getting into any detail at all on this subject, it is sufficient to report that it is impossible to manage any forests if they cannot be reached. Like Government, private timber growers must have access across intervening lands in order to manage their timber. They are willing to pay a fair price for that privilege. It follows that where Federal agencies need to take over private roads for public use, a fair price should be paid to the owners of these roads, either through negotiation or condemnation. The Forest Service, however, has proposed regulations governing access where private and national forest lands are intermingled. If put in effect, and I might add it appears that the Forest Service fully intends to do so, here is what private timber growers will have to contend with:

1. The Forest Service could prohibit a private owner from crossing public lands to his own timber unless he surrenders rights, title, and interest in his own roads;
2. The Forest Service would be the sole judge of the value of rights taken;
3. The Forest Service would require permanent road rights in exchange for temporary, revocable permits;
4. Even where the Forest Service obtained only a part interest in a private road, it would demand full control of any use of the road;
5. The Forest Service can get immediate access by condemnation but could delay access to the timber grower indefinitely unless he agreed to sacrifice his investments.
6. Private timber growers would be charged with paying the road costs of multiple use on national forest lands.

These proposed regulations would govern the private timber grower's access to his lands and the use of his privately constructed roads. The proposed regulations are a good illustration of the reason we seek an Assistant Secretary with forestry as a primary function. The approach in the regulations is primarily from the

standpoint of benefiting national forest lands. They are being written under the Forest Service Division of National Forest Resource Management and the Division of National Forest Protection and Development. These Divisions are responsible for the management of the national forests.

I might insert that within the Forest Service there is also a division that has some responsibilities in regard to private land. That Division took no part in these regulations.

The Secretary of Agriculture has a statutory responsibility to private timber growers as well as to the national forests. There has been no more balancing of private timber growers' interests with Forest Service interests here than in other activities. An Assistant Secretary with time and knowledge and staff could effectively balance the forestry needs of the Nation between all groups, including the Forest Service.

Mr. Chairman, we have tried in these brief remarks to outline first our experience in direct negotiations with the Forest Service, and, second, to suggest the progress that has been made during the last year in our dealings directly with the Secretary of Agriculture and his chief assistants. We have tried to indicate through these most recent experiences examples of why we feel that an additional Assistant Secretary of Agriculture for forestry matters is of such importance to the forest products industries.

Now if I may, I would like to comment very briefly on what goals we can envisage being achieved by assigning to an Assistant Secretary of Agriculture the primary responsibility of concerning himself with forestry matters. First, I think it would be well for this committee to compare the treatment given forestry matters in the Department of Agriculture with treatment which these problems receive in the Department of Interior. The difference is one of the reasons we believe there needs to be an Assistant Secretary in Agriculture with forestry as a primary function.

We have continuous dealings with the Department of the Interior on numerous forestry issues, both of a legislative nature and an administrative nature. You will find that in Interior forestry matters are a high priority part of the Assistant Secretary's duties. We can get an objective and knowledgeable discussion, review, and analysis of our problems at this level, in Interior. We cannot do so in Agriculture. The Assistant Secretary of Interior goes out in the woods and talks to the timber operators and he understands their problems, technically and in detail. In Agriculture this can only be done by the Forest Service. The Interior Assistant Secretary is quite capable of changing the decisions of his career forest land management personnel when it is necessary to accommodate the needs of the dependent communities and the needs of forest management in the public interest.

In order to be able to make such decisions stick it is necessary for the Assistant Secretary to have the time and a staff knowledgeable in forestry matters. This has existed for some years at the Secretary level in Interior.

In the Department of Agriculture there is no professional staff knowledgeable in forestry at a higher level than the Chief of the Forest Service. This means there can be no adequate technical review of a decision of the Chief of the Forest Service at the Secretary level. This means very little forest policy is made at the Secretary level.

Both Secretary Freeman and Assistant Secretary Baker have devoted more time to forestry matters than any previous executives in these positions in our lifetime, in my opinion. However, forestry is lumped in with the Office of Rural Areas Development, Farmers Home Administration, Rural Electrification Administration, Farmer Cooperative Service, and Soil Conservation Service. One-third of the Nation's land area is forest land; 95 percent of it is under the jurisdiction of the Secretary of Agriculture. We think it merits attention at the Secretary level with a staff capable of reviewing the decisions of the career foresters in the Forest Service.

Forest Service personnel enter the service out of college. The majority spend most of their careers in the protection and management of the national forests. The Forest Service manages an area of land nearly twice the size of the State of California. Most of its top personnel have devoted their lives to the protection, management, and extension of this federally owned property. They have sought to continually add to it with an aggressive acquisition program over the years; they are tough competitors in the timber market using their vast ownership to extract top prices for the timber they sell; and they have aggressively led the Government in the management of these lands, for multiple-use purpose. They have been running a gigantic forest enterprise. They have the very highest loyalty and devotion to duty and naturally look on national forest land as nearly sacred. Very little forest land ever goes from national forest into private ownership. And conversely Forest Service personnel, naturally, do not look on private forest land with the same degree of respect as the land they manage.

Yet, they make most of the decisions in Government that affect private lands. Practically none of the Forest Service personnel have had experience in the industry or managing private timber-growing land. They don't know what it means to invest an individual's money or a company's resources in a timber-growing property where many of the investments will not pay off within the life of the investor. When you realize that the people in the Forest Service have devoted their working lifetime to a most important cause, almost a crusade, then you can understand why we are reluctant to be satisfied with their relatively unchecked judgment as to how the Government should act in overseeing the Federal programs affecting the operation of private forest land.

The Secretary of Agriculture has the statutory responsibility for the Federal programs affecting private forestry. Because the Forest Service is the source of forestry knowledge within the Department, it forms the policies and makes the decisions. We often feel that the Government's decisions affecting private forest lands are being made by a tough competitor, rather than by a helpful or sympathetic Government.

Again, we disclaim any desires to dictate the management of this great Department to the Secretary. However, we do believe there is a natural overlapping of programs within several bureaus or agencies of the Department of Agriculture of primary importance to sound forestry in the United States that are deserving of top level coordination on a consistent basis. Without listing all such activities, we might suggest that the responsibilities of the Forest Service and the

Soil Conservation Service insofar as they deal with forestry matters, along with others, might well make up the nucleus of an overall activity that could occupy, on full-time basis, an Assistant Secretary of Agriculture.

Finally, Mr. Chairman, we think it is important to our industry and to others concerned with conservation measures and forest practices in the United States that a definite separation be made between the proprietary interests of the Forest Service and the policy-making decisions concerning the public welfare that are the proper role of the sovereign. The Forest Service has power over and control of a land area equal to one-fourth of the size of the 32 eastern States. It is the supplier of the raw material that provides the economic backbone for hundreds of communities dependent on the production of forest products. This agency has proven that it is substantially immune from the immediate direction of the top policy-making officials in Government, whether it be in this administration or the previous one, or the one before that. The Cabinet Member supervising the Forest Service—the Secretary of Agriculture—generally has little knowledge about forestry, nor much time to devote to it. No group knows better than this committee the tremendous problems in our farm communities that the Secretary of Agriculture has to contend with. It is unreasonable that the forest products industry should expect that a Secretary of Agriculture could know intimately their problems, or give consistent direction to the activities of the Forest Service.

Consequently, we respectfully request that this committee approve the addition of an Assistant Secretary of Agriculture with appropriate instructions so that his assigned duties will be primarily in the area of forestry. I think it is obvious that forestry is unique in the matters included in agriculture.

If the Department of Agriculture feels the need for additional Assistant Secretaries for other functions, our industry would certainly be sympathetic.

At this point, Mr. Chairman, before we conclude, I would like to make it very clear that the National Lumber Manufacturers Association and the industries which it represents, are not being critical of any individuals in the Forest Service, nor in the Department of Agriculture. We are sympathetically aware of the tremendous burdens carried by the individuals who perform these functions in Government. Our comments are aimed solely at the problems of organization in this Department, not at individuals.

We appreciate the opportunity to appear before this committee on behalf of the legislation under consideration.

Thank you.

Mr. GRANT. Thank you, Mr. Hodges.

You have outlined this so well that I had some questions that I wanted to ask but I find that you have already covered them. I think it is most helpful here your bringing out the Assistant Secretary's duties with the Department of Interior.

Can you tell us approximately the number of acres in the national forest that are under the direction of the Department of Agriculture and the approximate number under the direction of the Interior Department?

Mr. HODGES. The national forests comprise a little less than 190 million acres. The State of California, just to give you an idea, is 100 million acres in size, so the national forests are almost twice the size of that State. The Bureau of Land Management in the Department of Interior, I believe has under its jurisdiction some 550 million acres of Federal land. Only a very small percentage of that is commercial forest land outside of Alaska. From the standpoint of commercial forest land, less than half of the total land within the national forests is commercial forest land. In Interior, slightly less than 5 million acres is commercial forest outside of Alaska. Alaska has 40 million acres of commercial forest land.

Mr. GRANT. You will be given the opportunity, if you wish, to amend those statements.

What I was attempting to elicit here was the need of the lumber industry, so much more with the Department of Agriculture than in the Interior Department but at the same time you have an Assistant Secretary of Interior to deal with and in the Department of Agriculture no recognition of this nature. Attention is given at the present time, I will say, to the Forestry Service. I believe you stated here that the Chief Forester is a gentleman at the present time who you contact in reference to such matters.

Let me ask you this, please: Would the Assistant Secretary be given more power than is now exercised by the Chief of the Forest Service?

Mr. HODGES. If our proposal was carried out I would assume that the Policy Making and Program Planning Division, which is a rather sizable division within the Forest Service, would be placed in the Assistant Secretary's office. It would be taken from the Forest Service and moved up to what we normally think of as the policy formation level of Government. That would be in the Secretary's office.

I want to jump back to your previous point. The Forest Service sells nearly 10 times the volume of timber that the Bureau of Land Management within the Department of Interior sells, so you can get a ratio there of about 10 to 1.

Mr. GRANT. Thank you so much. Mr. Teague?

Mr. TEAGUE. Just this, Mr. Hodges: I happen not to be a Member of Congress who compliments every witness who comes before us with a splendid statement, but this time I do. I think you have made a very competent and convincing presentation. I would like to say this: While I rarely agree with Secretary Freeman, I think he is also a very convincing witness. Other than the occupant of the White House, the greatest salesman in Washington, in my view, is Orville Freeman. By no means was I sold when he got through this morning but now I am closer to being convinced that we need another Secretary. You have made a very fine case in my opinion.

Mr. HODGES. Thank you, sir.

Mr. GRANT. I might say in reference to that, we got off on other subjects this morning.

Mr. JONES. Would you have this Assistant Secretary have any other authority than being over the Forest Service or would he have some other departments?

Mr. HODGES. We ask that he have forestry as a primary function. We do not say that other activities should be excluded. As it is now,

we feel that the Assistant Secretary that administers the Forest Service has forestry as a low-priority function.

Mr. GRANT. Are there further questions?

Mr. SHORT. Yes, Mr. Chairman. Right along that line, a question that comes to mind is: Could your objective be achieved by taking the Policy and Planning Section out of the present Forestry Service and putting it over here into or up to the Secretary level?

If I understand this problem right, the problem arises because the Policy and Planning Section is not within the Department of Agriculture but within the Forest Service and is perhaps subject to the direction and influence of the Chief of the Forest Service and he probably follows the pattern that you outlined in your statement, of being more interested in preserving forests than he is in the economics of the best utilization of forest lands. Just in the simple context of how your end objective might be achieved in the simplest manner, could this be done by a little shift in this Planning Section out of the Forest Service and up into the administrative level of the Department of Agriculture?

Mr. HODGES. Certainly that would be a step in the right direction, but we feel that as long as forestry is now such a low priority part of the Assistant Secretary's duties, that we are going to have trouble solving and getting recognition for these tremendous problems, some of which I mentioned, some of which Congressman White and others have mentioned.

Mr. SHORT. One other question, Mr. Chairman. The Forest Service I think in the mind of most people, directs and supervises the use of the publicly owned forest lands of the Nation. I think few people realize that about 10 percent of the publicly owned forest lands of the United States are administered by the Department of the Interior under the Bureau of Land Management. Would it make sense to implement a trade between the Department of the Interior and the Department of Agriculture or the Bureau of Land Management and the Forest Service for the Forest Service to have the administration of all of the forest lands, and the Bureau of Land Management have the administration of all of the grazing lands?

Mr. HODGES. A mechanical analysis on paper of this issue will always or generally work out so that it would look to be more efficient to do it in the way you have suggested but from the standpoint of the people that are dependent and doing business, that is who we represent, the people that are dependent on doing business with these agencies, they generally feel they are familiar with the status quo and they would naturally be a little fearful of the unknown. I think that is about as well as I can answer the question.

Mr. WHITE. Off the record.

(Discussion off the record.)

Mr. SHORT. Part of this whole picture, of course, from the point of view of the stockman is that the grazing fees in general on the Bureau of Land Management lands are usually a little lower than they are on the forest land. I suppose your first thought is that the rancher would be better off with the BLM administering all the grazing but I don't think this is necessarily true. I am just wondering if the BLM has a similar policy in regard to setting prices on timber sales on lands that are administered by the Bureau of Land Management.

Mr. HODGES. At the present time we are having considerably less problems with the Bureau of Land Management than we are with the Forest Service. This has been true over the years I would say. We attribute a good bit of this to the fact that in Interior there is an Assistant Secretary for these matters, and it goes back through other administrations. We can go in and sit down with him and he will get out there in the woods, look at the problem with us and learn enough about it to make a competent technical decision that sticks.

To go back to your previous question, we do support the exchange of these lands, generally, to try to block them up. There is an awful lot of intermingling that makes inefficient administration; both between Forest Service and Interior and between both agencies and private landowners. This, of course, is a rather difficult thing to do, but we hope that the agencies will give this matter much more attention in the future. There is presently, we think, sufficient legislative authority to allow this. It is just that it is rather difficult to negotiate such exchanges.

Mr. SHORT. I might say there that we have the fact to point to that in certain areas where there was an intermingling of forest owned, forest managed and BLM managed grazing lands that there has been an exchange, at least for administrative purposes, which ever agency owned the majority of the land administers the land. I do not know how extensive this is. I know they have done this in Montana.

Mr. GRANT. Is that all?

Mr. SHORT. That is all, Mr. Chairman.

Mr. GRANT. Thank you very much. Do either of you gentlemen have anything to add?

Mr. BALDWIN. I would just like to make one statement, Mr. Chairman. After the hearing this morning I had occasion to visit with the Secretary of Agriculture in the hall outside the hearing room about our testimony, telling him what it would be, since he could not be here this afternoon. My understanding from our visit was that he was in agreement that an additional Assistant Secretary with authority over the Forest Service would be a big help to him and if he had that authorization he would give an additional Assistant Secretary that responsibility. Apparently he is in agreement with the idea of having an additional Assistant Secretary with responsibility over the Forest Service, in addition to the one that he testified for this morning.

Mr. SHORT. I think, Mr. Chairman, right there to get the record straight the Secretary said this morning in answer to almost a direct question as to whether he would approve of more than one Assistant Secretary, he said that he would, but he felt that he was being practical in asking for what he could get at the present time.

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

STATEMENT OF HON. JULIA BUTLER HANSEN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF WASHINGTON

Mr. Chairman, I appreciate very much the opportunity of being heard today. Your committee is discussing H.R. 5139 which would create an Assistant Secretary of Agriculture whose primary responsibility would be the operation of the U.S. Forest Service.

I support H.R. 5139 and am in agreement with the principles discussed by Representative White.

Over the years the U.S. Forest Service has contributed an invaluable service to the people of the United States. A corps of dedicated public servants has made it possible for our national forests to sustain themselves and to continue to serve the coming generation. Fires are under control. Pests are being kept in check. New methods of growing timber are being developed. As a result, our Nation's forests are in excellent shape.

However, an Assistant Secretary of Agriculture, whose primary responsibility would be the forest resources of the Nation, would add immeasurably to the contribution the U.S. Forest Service will make to the future of our Nation.

I don't need to remind this committee that the lumber industry of our Nation is in serious trouble. Over the past few years employment has decreased by well over 100,000 persons. Many mills have been closed and more are being closed as the weeks go by. Real distress is apparent in many, many areas in my district and I am sure the same thing is true throughout the Nation where lumbering and logging have traditionally been the mainstays of the economy.

Experience has demonstrated that a more understanding policy on the part of the U.S. Forest Service to the many problems of the lumber industry would alleviate to some extent the present plight of our people who depend upon the lumbering industry for a livelihood.

It seems to me that the theme running through the U.S. Forest Service personnel should be that they are the friends of the lumber industry and that without a sympathetic attitude on the part of the Forest Service this key industry simply can't exist. Certainly the timber people and the career people of the U.S. Forest Service can't survive if each assumes he is the natural enemy of the other.

Thus, it follows if the timber industry in its many aspects is to continue to be an important employer of men in this country, it must have the sympathetic understanding of its many problems by the men of the U.S. Forest Service.

The U.S. Forest Service is composed largely of men who are trained and trained well in the field of forestry. However, they are often called upon time and time again to make judgments which neither their training nor their experience qualify them to make. These judgments often determine the difference between profit and loss, between life and death of a business, between employment and unemployment of thousands. These judgments simply can't be made in a vacuum—one that disregards the effects upon the social and economic life of the community.

I suggest that an Assistant Secretary of Agriculture whose primary responsibility would be that connected with operations of the U.S. Forest Service, would go far toward making the operations of this important agency of Government more responsive to the wishes and needs of the American people.

The record of misunderstandings between the lumber industry and the U.S. Forest Service is a long one. Testimony in hearing after hearing has revealed that industry is not aware of the problems of the Forest Service and that the Forest Service is not aware of the problems of the lumber industry. Regulations have been promulgated which the lumber industry has failed to understand. Sometimes these regulations have been adopted without adequate notice. Sometimes they were adopted with little understanding of their effect upon a basic industry.

There have been misunderstandings about the problem of the "allowable cut." The lumber industry has urged with little success that revisions be made in the Forest Service policy on "allowable cut."

The problem of timber appraisals continues to plague the relations between the Forest Service and the lumber industry. No satisfactory solution has yet been found and the discussions have not been productive of any results.

No satisfactory appeals procedure from the decisions of the Forest Service has yet been developed.

Administratively the appointment of an Assistant Secretary of Agriculture whose primary duties would be to overlook the operations of the Forest Service would lift this agency out of the bureaucratic maze in which it has been entangled and it will truly become a part of American Government. It will become an agency of Government which is truly responsive to the needs of a basic American industry. It will become an agency which is responsive to the public interest.

SOUTHWEST PINE ASSOCIATION,
Phoenix, Ariz., May 3, 1963.

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

DEAR MR. COOLEY: I am advised that on May 6, 1963, the House Agriculture Committee will hold hearings on the proposed additional Assistant Secretary of Agriculture for Forestry Programs.

Please be advised that the Southwest Pine Association, a group of lumber operators in Arizona and New Mexico, are in favor of the establishment of this office and would appreciate your committee noting in the record our endorsement of this proposal.

Yours truly,

JAMES J. COX, Jr., *Secretary.*

WESTERN PINE ASSOCIATION,
Portland, Oreg., May 2, 1963.

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

DEAR CONGRESSMAN COOLEY: We understand that the House Agriculture Committee will hold hearing May 6 on H.R. 5139 and H.R. 5126 and similar bills proposing to establish in the Department of Agriculture two additional Assistant Secretaries, one of whose prime responsibilities shall be policy matters relating to the management of the resources in the national forests.

We wish to go on record favoring this legislation as there is great need to give the Secretary more assistance in establishing sound policies, especially in the field of forestry.

A Secretary's hearing on proposed new Forest Service road regulations in Portland, Oreg., on April 29, 1963, is an example of many similar cases showing need for help that the legislation will provide. Although the hearing was called by the Secretary to get public reaction to a most important and very involved matter, neither Secretary Freeman nor Assistant Secretary Baker was able to attend to question witnesses and otherwise participate. This discouraged many private landowners from testifying as there is little point in talking to a hearing officer who has little interest and no authority in the case. Now all that the Secretary can learn about the problem is from reading a voluminous hearing report, which is hardly to be expected. More likely is a briefing by the Forest Service, which is asking for policies convenient to them but disregarding private property rights and private landowner problems. Just how critical is the need for forest policy consideration is also indicated by the numerous complaints in recent months to Congress and the Secretary of Agriculture about Forest Service appraisal procedures, appeals procedure and one-sided timber sale contract.

All of these important matters vital to the Nation's economies need to be resolved. We doubt that the present setup in the Secretary's office can possibly give these matters the attention they deserve. Therefore we urge strongly that the Congress adopt H.R. 5139 to help out on conservation matters in the Department of Agriculture.

Sincerely yours,

ERNEST L. KOLBE, *Forester.*

NATIONAL WILDLIFE FEDERATION,
Washington, D.C., May 8, 1963.

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

DEAR MR. COOLEY: The National Wildlife Federation would like to take this opportunity of expressing its comments with relation to H.R. 5126 and H.R. 5139, to establish in the Department of Agriculture an office for two additional Assistant Secretaries, one of whose prime responsibility shall be forest resources and for other purposes. Conservation groups were privileged to have representa-

tives in the audience during the hearings on this proposal and this comment is being made in the light of testimony.

While we would not be adverse to the appointment of additional Assistant Secretaries for the Secretary of Agriculture, the National Wildlife Federation does not believe it would be in the public interest to specifically assign one to the administration of forest resources. In our mind there is a serious question as to the necessity of two additional Assistant Secretaries but should the Secretary of Agriculture be given one, we believe he should have the authority to designate his area of responsibility.

If the committee does not see fit to approve of this proposal, it is the hope of the National Wildlife Federation that qualifications for this Assistant Secretary will not be limited to someone with timber management experience. The House Committee on Agriculture took the lead in initiating the establishment of a multiple-use management policy for the national forests and the direction of this program should be performed by an administrator who would represent the broad public interest. In short, we believe that an Assistant Secretary of Agriculture who would be responsible for the national forests should not represent one particular user group and would urge the committee to consider appropriate amendments to the bill which would assure only persons with broad resource experience and qualifications for the position.

In conclusion, we would like to express our confidence in the present administration of the U.S. Forest Service and seriously doubt the need for an Assistant Secretary solely for this responsibility.

Please include this letter in the record of the hearing.

Sincerely,

THOMAS L. KIMBALL, *Executive Director.*

CITIZENS COMMITTEE ON NATURAL RESOURCES,

Washington, D.C., May 13, 1963.

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

DEAR MR. CHAIRMAN: It is our hope that the following remarks will be inserted at the appropriate place in the record regarding the hearings of H.R. 5126 and H.R. 5139.

We are strongly opposed to having one Assistant Secretary of Agriculture, with the responsibility of administering the Forest Service. This appears to us as a vehicle by which undue political pressure can be manifested in regard to the activities of the Forest Service. This proposal would, in effect, add another level of administration in regard to Forest Service policy. We say this advisedly since it is quite different to have an Assistant Secretary responsible for the activities of many resource bureaus, which is the case at the present time. The immediate responsibility for the operation of the Forest Service, Soil Conservation Service, and other resource bureaus is with the Director or Chief of the bureau. It is certainly appropriate to have an Assistant Secretary unencumbered by the details of administration to be responsible to the Secretary for policy.

We hope we have made clear the difference between the functions of an Assistant Secretary responsible for a number of bureaus and one whose task would be simply a super administrator of the Forest Service. It would appear to us to be poor administration and we concur completely with the Secretary of Agriculture in that view.

It is quite clear to us that a major motive in suggesting an Assistant Secretary for just the Forest Service is to capture this office, and as a result be in a position to dictate to the Forest Service in terms of policy. This has been the goal, in our judgment, of many of the large timber operators since the Forest Service was instituted. Their actions have indicated this on many occasions. For example, when the bill proposing that the national forests be managed under the doctrine of multiple use was before the Congress, many segments of the timber industry strongly opposed such a measure. The purpose of this legislation was to give statutory authorization to a program that had been conducted administratively for a number of years. The timber industry fought this for the obvious reason that they would prefer the forest to be managed as exclusively as possible for their own profit and convenience.

Another instance occurred on April 23, 1963, when the timber industry opposed the proposed access roads policy made necessary by the Attorney General's decision. Though many of the large operators had contended for years that they were in favor of access roads, they indicated that this was a facade. While extolling the virtues of access roads, in this hearing they left little doubt that the policies they supported would make access roads extremely difficult and if their suggestions were followed this accelerated program would have little chance of success.

They now return in their continuance to make certain that the Forest Service will administer the forest, not in conformance with multiple-use law of the land, but rather in a fashion that would extend and support their own private policies. I call your attention to a statement made by one of the attorneys in presenting his client's case before the hearings on access roads last April 23. He stated: "I stress that my client firmly believes that the rule of the greatest good for the greatest number is an evil facing the United States today, and if left unchallenged, to our way of thinking the individual could be stripped of his rights." In our judgment, this clearly testifies to the real attitude of many timber operators who desire to set aside the multiple-use concept of the national forest by one means or another.

We therefore urge that the committee refuse to authorize an additional Secretary for the purposes of just administering the Forest Service. We are not so skilled and so knowledgeable to determine whether one or more Assistant Secretaries are needed in the Department of Agriculture in general. Our comments do not relate to this specifically. Our comments are germane to the question of whether a single Assistant Secretary should be assigned the responsibility for the policy and operation of one bureau. To the latter, we strenuously object and we feel when the people of this country fully realize what is intended by some in supporting this legislation they will support the Secretary of Agriculture, as we are, in this instance.

Sincerely,

SPENCER M. SMITH, Jr., *Secretary.*

SAN FRANCISCO, CALIF., May 6, 1963.

HOUSE AGRICULTURE COMMITTEE,
House Office Building, Washington, D.C.:

Believe proposal to add Assistant Secretary of Agriculture for forestry programs would materially facilitate settlement of policy and major operational problems between U.S. Forest Service and purchasers of national forest timber, and between Forest Service and intermingled landowners. This association represents more than 2 million acres of such lands in California.

JOHN CALLAGHAN,
Secretary, California Forest Protective Association.

Mr. GRANT. Thank you, gentlemen, so much for your appearance. If that is all, the committee stands adjourned.

(Whereupon, at 3:15 p.m., the committee adjourned.)

ESTABLISHMENT OF ADDITIONAL OFFICE OF ASSISTANT SECRETARY OF AGRICULTURE

MONDAY, MAY 6, 1963

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

The committee met, pursuant to recess, at 10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage, presiding.

Present: Representatives Poage, Gathings, Abernethy, Jones of Missouri, Johnson of Wisconsin, Matthews, Stubblefield, Harding, Olson, Duncan, Leggett, Matsunaga, Hoeven, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey, Dole, and Hutchinson.

Also present: Martha Hannah, staff; Robert Bruce, assistant counsel; and Francis LeMay, consultant.

Mr. POAGE (presiding). The committee will please come to order. We are here to continue the hearings which we started some days ago on the necessity for providing additional help in the Department of Agriculture in the form of Assistant Secretaries of Agriculture. We have heard from the Department in behalf of an Assistant Secretary of Agriculture, and today we are going to hear from those that feel there should be two additional Assistant Secretaries of Agriculture, one of whom would have prime responsibility for the forest resources. We have our colleague with us, Congressman White, from the State of Idaho, and he has several of his constituents with him. We will be glad to hear from you, Mr. White. You may present your constituents in any manner you would like. If you care to have them testify en bloc, that will be all right.

STATEMENT OF HON. COMPTON I. WHITE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. WHITE. Mr. Chairman and members, I appreciate very much the opportunity that has been given for me to present my constituents, who have a very sincere interest in this problem.

I would like to introduce, first, Mr. James Parsons, manager of the North Idaho Economic Development Association, Inc., who is the man who has been making a study of this particular problem for some time and is, probably, as well informed in this field as any person in North Idaho. And, also, Mr. Jack Hern, president and general manager of Regulus Stud Mills, Inc., St. Maries, Idaho, who is an operator in northern Idaho and has had very close personal association with this problem.

I ask permission, Mr. Chairman, that a statement from Mr. E. C. Rittig be included in the record at the conclusion of this testimony.

Mr. POAGE. Without objection, it will be included in the record at that point.

Mr. WHITE. I understand, also, that Congresswoman Hansen, of Washington, has a statement and perhaps it has already been filed with the committee, but if it has not, I ask, also, that her statement be made a part of the record along with the statement I have already indicated.

Mr. POAGE. Without objection, that will go into the record, too.

Mr. WHITE. And without further ado I will introduce Mr. Parsons.

STATEMENT OF JIM PARSONS, MANAGER, NORTH IDAHO ECONOMIC DEVELOPMENT ASSOCIATION, INC.

Mr. PARSONS. Thank you very much for this opportunity, Mr. Chairman and members of the committee.

My name is Jim Parsons. I am manager of North Idaho Economic Development Association, Inc., which represents five counties, and am a member of the Advisory Council of the Idaho Department of Commerce and Development.

Our north Idaho-northwestern Montana-northeastern Washington area is one where national forest ownership predominates. What the Forest Service does and how it does it directly affect me along with the rest of the local economy.

In my community we have had occasion from time to time to question agency policies and practices dating back to shortly after World War II. There has been enough background of experience that we believe it not only desirable but essential in the public interest to have this proposed new Assistant Secretary. We would like to know that, if necessary, we could take our case to a man with policymaking authority, one not picked from Forest Service ranks—one we feel would provide broad, detached judgment which does not now exist.

The Forest Service is easy to talk to but difficult to deal with because it exercises the functions of both advocate and judge. This does not necessarily imply intended bias or unfairness. There is just the likelihood of a closed or madeup mind. This is not to their discredit. It is simply that it is too much to expect technical foresters who initiate and support certain policies and practices to adequately evaluate either public criticism of them or counterproposals.

The situation was well illustrated by the reply the Chief made last year to Senators who questioned agency appeal procedure. You likely recall that he wrote—and I quote:

Part of the cause for recurrence of the same issues is refusal of industry representatives to accept decisions which the Forest Service considers to be the resolution of an issue.

This attitude applies equally to people outside industry who have questioned Forest Service policy and practice.

One result of this unique situation which has seen a group of technicians assume authority to make their own basic policy judgments is that objectives of community stability and continued employment have been subordinated to a top-dollar-for-stumpage policy. This repeatedly has been charged and denied. How can there be a needed decision when the arbiter and umpire is one of the competing parties?

When the lumbering recession became acute in 1959, when thousands of men were thrown out of jobs and the pinch was felt in all segments of our economy, the Forest Service seemed not to quickly recognize its grave responsibility. It did not admit to the obvious fact that because it is the principal supplier of raw material in areas like ours, there had to be a relationship between its policies and our distressed economy, and that it is a controlling influence in our economy.

The Chambers of Commerce of Sandpoint, Priest River, and Bonners Ferry, Idaho, submitted a joint resolution to the President. We believed it a reasonable document. Remedial action suggested included some changes in national forest timber management policies.

Forest Service reaction was about what might have been anticipated. The agency said our troubles were due entirely to low lumber prices. It claimed the reason conditions were worse in the Northwest than elsewhere was overbidding on timber sales—in other words, that industry was at fault. It brushed off our arguments that agency policies were responsible for much of the overbidding. The technicians handed down a decision in favor of themselves.

It is possible, I believe, to point up this situation through the relationship of lumbering's troubles to the problems we face in financing local schools and governments. Involved is the 25 percent in-lieu-of-tax return to counties containing national forest lands.

Even in forest communities, there is much misunderstanding about this. The Forest Service has contributed to widespread belief that counties get 25 percent of gross national forest receipts. As you well know, this return is based only on a net portion thereof. The net, regrettably, is more and more a smaller percentage of forest receipts.

This results from several practices. One stems from Forest Service authority under the Knudsen-Vandenburg Act to withhold part of the money received from timber sales and use it for stand improvement. The amount of this withholding is fixed by statute but within broad limitations. The Forest Service increasingly takes advantage of this leeway. Besides such obvious things as tree planting, funds now are withheld for projects ranging from tree pruning to control of rodents and porcupines.

In the 12 years 1947-59—a period unaffected by the recent upsurge in Canadian imports—stumpage receipts of Region 1 forests rose 594 percent. However, Knudsen-Vandenburg Act withholdings increased by 875 percent, so that returns to counties did not keep pace with increased dollar receipts.

On top of this, the Forest Service has developed a technique whereby it further increases funds available to it. In so doing, it effectively bypasses congressional fiscal control and makes its own appropriations.

It does this by requiring bidders on timber sales to do many things that have no connection with the timber harvest—such as felling snags and cull trees, erosion control, seeding grass, removing material to make forest roadways more sightly, installation of cattle guards, and so on. These are mostly silvicultural measures, and they all cost money. The more of this work the buyer is required to perform, the less cash he pays. The Federal Treasury gets less and counties get less.

The cash return is further reduced by continuing Forest Service insistence in many cases on roads of higher and costlier standards—

sometimes even exceeding the value of the timber of the sale. There have been numerous representations about these road problems, but the Forest Service decides in favor of itself. It says it complies with the prudent operator principle. This is vigorously debated.

These practices confound our economic problems for the simple reason that operators do not bid against each other for stumpage on an equal dollar basis. They find themselves having to estimate costs of various items which have nothing whatsoever to do with the timber harvest.

One operator may figure he can fell cull trees for 50 cents. Another calculates 75 cents. On a sale where the felling of 2,000 to 2,500 such trees is required, there thus can be a difference of hundreds of dollars affecting bids from this one item alone.

These requirements have become so extensive on some sales that the Forest Service itself calculates a minus profit ratio—and it is a sorry fact that such economically unattractive sales have drawn bids from operators starved for timber to run their mills—starved in most instances because of an artificial timber scarcity created by the Forest Service.

There is another factor involved, although it is difficult of proof. Many operators believe it—and some will even admit it has worked to their advantage. It is that in day-to-day practice the Forest Service requires different standards of performance from different operators. This is in part a result of the so-called contract which permits the forest officer in charge of a sale to change rules and requirements as the sale proceeds. It is literally possible for him to decisively affect the profit or loss possibility. The Forest Service is not given to admitting this. If enough protest is voiced, about the maximum corrective action it takes is transfer of the officer in question.

There comes to mind a very recent small sale where construction of 1.2 miles of road is required. Based on the experience of what the agency has required of him in the past, one bidder estimated it would take 2 days to build this road. Another bidder with a different type of performance requirement experience with the Forest Service calculated a week's time.

One example after another could be cited, but these are typical of practices that have contributed directly to ill health of the lumbering industry and in turn to the sagging economy of forested areas.

The decreased in-lieu-of-tax return to counties has a serious effect on local governmental units. In good times or bad, whether or not a profit is made or a loss suffered, private property must meet its tax obligations. Not so the national forests. The board of trustees of the school district at Libby in Lincoln County, Mont., where the Federal Government controls 72 percent of the acreage, made a study of this. From 1952 through 1961, stumpage receipts increased 11 percent. But the county failed to get a proportionate share. Knudsen-Vandenburg funds retained by the Forest Service increased 181 percent, so the county's return actually decreased 30 percent. This loss had to be made up by increasing the average tax obligation on the three major private forest land ownerships by 45 percent.

For the first 6 months of the current fiscal year, the Libby School Board's records show that if the county had gotten 25 percent of bid prices, its return would have been \$88,000, but its actual return is only going to be \$18,000.

In my county, where 80 percent of the land area is publicly owned, the Forest Service stated in one of our exchanges that national forest lands in Idaho returned 15.7 cents per acre. Our county assessor reported our tax return from private commercial forest land was 55 to 60 cents per acre.

We who live in national forest lands counties are being made to subsidize costs of stand improvement through reduced in-lieu-of-tax payments, even though benefits from forests are national and not purely local. We pay a disproportionate share of taxes simply because we happen to live in an area of relatively small private land ownership. The Forest Service tries to block any change in this situation.

We do not question objectives or desirability of stand improvement and sound silvicultural practices. We have—and do—strongly question and protest the methods developed and used by the Forest Service to achieve this. We have found it a waste of breath to discuss this matter with the agency. It maintains an unyielding position which we feel does not give adequate consideration to social and economic problems. The emphasis is on the technicians' ideal and the top-dollar policy; and, as it is presently constituted, the agency obviously means to maintain that emphasis.

The Forest Service itself has set desired goals of good forest management. It has determined allowable annual cuts and then not attained them. Its announced sales programs, designed to implement the full allowable cut, oftentimes have not been carried out. It consistently has been unrealistic about appraisals. Its stumpage prices have not reflected the decline in lumber prices—as would be the case with a raw material not controlled by the Government. It has maintained contractual relationships that are one sided and not those of a normal buyer and seller.

The Forest Service is not unaware of its tremendous authority. Contracts leave so many decisions to the Forest Service that the Forest Service handbook blandly states:

This is an unusual type of contractual relationship. It places on the Forest Service a strong moral and practical obligation to exercise its unilateral powers in an equitable manner.

The things I have mentioned are among many which are basic to a healthy lumbering industry and a sound economy in national forest areas. We have discussed them time and again. Unfortunately, they now are almost exclusively subject to Forest Service decision.

We gradually and regretfully have had to come to the conclusion that we cannot look to the Forest Service for incisive action in the areas of community, industrial, and employment stabilization if such action requires changes in basic policies the agency has fostered.

We have to accept this as a fact of life—yet we do not believe it should be so. We do not believe the Forest Service is infallible. We want its good features retained; yes, even strengthened, but we sincerely believe that we are not going to make much headway toward the solution of worsening problems until the agency is headed by an official free of background and technical ties with it. We respectfully urge your favorable consideration of this bill to give the public an Assistant Secretary over the Forest Service.

Mr. Chairman, just before I left my home county I was handed a copy of a prospectus on a Forest Service sale. This is known as the Bradford Creek sale on the Clearwater Forest. And I would merely like to point out that the total cost to the purchaser, based upon the minimum appraisals of the Forest Service it has set here, would be \$152,665. The Forest Service has a projected K-V withholding there of more than \$54,000; a slash disposal withholding of more than \$28,000, so that the actual cash the purchaser would be required to pay for the stumpage is \$50,000 out of \$132,000. And from the county standpoint, as to the financing we get for our roads and schools, if we were getting 25 percent in the county of the \$132,000, the county's return would be over \$33,000, but the actual return is going to be \$12,000 under the present situation.

Thank you very much.

Mr. POAGE. Thank you very much, Mr. Parsons. We are glad to have your views on this matter.

(The letter dated May 1, 1963, from E. C. Rettig, follows:)

POTLATCH FORESTS, INC.,
Lewiston, Idaho, May 1, 1963.

Hon. COMPTON I. WHITE,
Congress of the United States, House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WHITE: It is impossible for me to appear in person to testify concerning the addition of an Assistant Secretary of Agriculture for forestry. I would appreciate having this letter filed with the previous testimony, however.

Forestry in one form or another, from grazing, recreation, wildlife, lumbering and pulping has an influence on a large part of our population. A person, not a part of a dedicated staff, is needed to properly evaluate the many problems that arise.

Last year the Forest Service made a hurried survey of timber sale contracts in British Columbia and possibly in other parts of Canada, too. Its findings, in my opinion, were far from complete and expressed only the answers given by the British Columbia Forest Service, who, at the time, were preparing testimony for a possible hearing before the U.S. Tariff Commission on importation of foreign lumber. The Forest Service report was to the effect that appraisal methods were about the same as theirs and in general stumpage prices were comparable. As I recall, contractual conditions were reasonably close.

I visited a few operations last summer in interior British Columbia and found considerable variation in that area from the practices of our Forest Service.

1. Stumpage prices of spruce and lodgepole pine were \$2.35 and \$1.95 respectively.
2. Inspection was very lax and the operators used considerable freedom in determining a merchantable tree or log.
3. Road requirements were simply those needed by the operator to get out the timber.
4. Scaling practices were far more liberal and the operators talked of overruns from log to lumberscale of 25 percent or more. In our country we are fortunate if we get 10 to 12 percent. The larger overrun also reduces the cost of stumpage from that of the U.S. Forest Service by the percent of difference in the two scaling methods.
5. Slash disposal costs and management practices were about 10 percent of the contract price of the stumpage thus little was or could be done.
6. There was no competition for stumpage and the British Columbia Forest Service allotted areas to the mills.

The report of the U.S. Forest Service on their study of the British Columbia Forest Service timber contracts was available to the Tariff Commission and undoubtedly influenced their findings.

I believe that an Assistant Secretary responsible to the problems of private and public forestry would have weighed the findings of our Forest Service carefully and avoided a report that lacked considerable in actual facts. This report is

accepted as fact by legal and other bodies even though the material and findings were derived from a biased body in Canada.

The Western States with large areas of Federal lands are facing serious tax problems, especially in many counties and school districts that are now dependent on a percentage of the proceeds from Forest Service sales and fees. Stumpage price reductions are often used as a means of constructing roads. Excessive slash disposal and forest improvements costs often leave little for stumpage. When the effect of such costs lowers the price of stumpage the school districts suffer as their portion of the fund is expressed as a percent of the sale price of the stumpage.

There are major areas of difference between the Forest Service and private landowners covering right-of-way privileges of both parties across lands of the other.

Many facts or reasons have been presented by others in addition to these as problems needing the attention of an unbiased person to arrive at an equitable solution.

It is the recommendation of the officers and management of this company that an Assistant Secretary of Agriculture for forestry be appointed.

Yours very truly,

E. C. RETTIG, *Consultant.*

Mr. POAGE. I frankly thought that you were telling us more about the defects of the way the system is operated than as to how this proposed legislation would do the job better. We should know whether it is operating correctly or not before we can find the cure therefor.

Mr. PARSONS. I will say that from the standpoint of over 15 years' experience or more, we have tried through informal and community groups to deal with these various situations and we always wind up back where we started, to a very great degree.

Mr. POAGE. Having a new Secretary of Agriculture, would this solve the problem?

Mr. PARSONS. We feel that we would have someone that we could go to who is not going to be prejudiced. We have on a number of occasions gone directly to the Chief or to the top level.

Mr. POAGE. Would it not be natural for the Assistant Secretary of Agriculture, whose duty it is to look after this agency, to favor the agency—would he not be naturally prejudiced in its favor?

Mr. PARSONS. I could not answer that. I would certainly hope that someone would be appointed who would feel the responsibility to the public as well as to the agency. And that is what I think is really basically wrong with the present situation.

Mr. POAGE. Are there any questions?

Mr. HOEVEN. Mr. Parsons, the Forest Service is a branch of the Department of Agriculture over which the Secretary of Agriculture is the main administrative officer.

Mr. PARSONS. Yes, sir.

Mr. HOEVEN. If you have any grievance against the Forest Service you have the right to ask the Secretary of Agriculture to review the matter of which you complain and he will make the final decision.

Mr. PARSONS. I think, Mr. Hern will discuss that, sir, but we have always felt, and I think quite properly, that we should start at the lowest levels where these problems come up. They are local, geographically. We have tried repeatedly to go up through the proper channels to the supervisory level and to the regional level and then to the national level, and from my personal knowledge, it has never gone directly to the Secretary personally; that is, I cannot say whether it has. They seem to kind of get lost over there.

Mr. HOEVEN. If we follow your thinking to its ultimate conclusion, you might want to dispose of the Secretary of Agriculture, himself, if you did not like his decisions?

Mr. PARSONS. No.

Mr. HOEVEN. What is the difference in your reasoning?

Mr. PARSONS. As of right now, I have assumed, sir, on the theory of what you are saying that we could go to the Secretary, true, but in practice, I do not think it works that way. We seem to get to the level of the Chief of the Forest Service and then that is the end of it. It does not appear—there does not appear to be an appeal procedure that we can find out about that we can get any further.

Mr. HOEVEN. The point I want to make is that if you are aggrieved by what the Forest Service is doing, whatever they do is subject to review by the Secretary of Agriculture and he can either agree or disagree with their decision. If you have a special Assistant Secretary of Agriculture to take care of Forest Service matters, what do you gain by that kind of procedure?

If you had another Assistant Secretary, his decision would still be subject to review by the Secretary of Agriculture.

Mr. PARSONS. I still maintain, sir, that insofar as I have been able to find out, we have never been able to get to the Secretary. I think that from my knowledge the only thing that has ever happened when we have tried to go topside—and we have gone to members of our congressional delegation and to others, and what always happens is that we eventually get back an explanation that is signed by somebody in the Forest Service.

There has not been a review, as such, to my knowledge, by the Secretary or someone not directly connected with the Forest Service itself.

Mr. HOEVEN. Well, I doubt very much whether the appointment of another Assistant Secretary to give special attention to the Forest Service is going to help your situation one iota.

Mr. POAGE. Anyone else?

Mr. JOHNSON of Wisconsin. Each department in the Department of Agriculture now is assigned to an Assistant Secretary, is it not?

I think that the Forest Service is now assigned to an Assistant Secretary, is it not?

Mr. POAGE. Mr. McIntire.

Mr. MCINTIRE. Looking at H.R. 5139, Mr. White, on the first page in line 5, it says, "one of whom will have forest resources as an area of prime responsibility."

The present pattern of the administrative responsibility is that one of the present Assistant Secretaries has the Forest Service within his jurisdiction, is that not right?

Mr. WHITE. My understanding, Mr. McIntire, is that there is not at present such.

Mr. MCINTIRE. Presently this is in a state of flux, I admit, but originally and traditionally it has been so?

Mr. WHITE. Until 1960 there was an Assistant Secretary for Forestry. I would like to say, sir, that perhaps the bill as introduced is deficient in not spelling out the specific responsibilities of an Assistant Secretary, but I feel that the Assistant Secretary should have some responsibility as to policymaking.

At present, the suggestions by both the chairman and Mr. Hoeven that there would be no improvement and that we do have the right of appeal to the Secretary of Agriculture is correct, but I feel also that there is great responsibility on the Secretary of Agriculture today, with all of his manifold duties that he has, particularly in agricultural commodities, that the amount of time and effort that is spent in review of Forest Service policies has been a minimum.

I believe that the Secretary has allowed the Forest Service to assume this responsibility of policymaking almost without any review except a superficial review, because of the general nature of the position he holds and occupies at present. Perhaps this should be spelled out in the legislation, as to the policy that should be a part of the Assistant Secretary's position.

Mr. McINTIRE. But is it not true that forestry matters are under an Assistant Secretary in the current structure of the Department of Agriculture? Doesn't all of this go back to Mr. Peterson, who was the Assistant Secretary and whose jurisdiction was the Forest Service back in 1957 or 1958 when he was Assistant Secretary?

Is it your thought that if this legislation were approved, the Assistant Secretary would have jurisdiction over the Forest Service—that he would, in fact, assume the responsibility of covering the Forest Service?

Mr. WHITE. I would say that he would assume some of the responsibilities, not necessarily the actual operation of the Forest Service as such, but being in a directional capacity, in their activity and policymaking and appeal.

As I understand it now, the Forest Service does not exist under—I cannot think of the correct word—but the general alinement of appeal that we have in other Departments of the Government does not exist there. In other words, there is no step-by-step appeal that you can apply to the Forest Service problem. The decision of a ranger, the decision of a supervisor is final and not subject to review. This is our problem.

Mr. McINTIRE. Your purpose is to bring the Assistant Secretary into a more intimate association with forestry matters and to project him into a more definite management position with respect to the Forest Service, thereby broadening the forestry authority now exercised by the present Secretary or previous Secretaries to whom the Forest Service was assigned as a part of their administrative duties?

Mr. WHITE. That is correct, sir.

Mr. McINTIRE. And in so doing, you would want this assistant to be more intimately related to the decisions which are now being made by the Chief of the Forest Service?

Mr. WHITE. Not only the Chief, but the regional foresters, the supervisors, and the rangers.

Mr. McINTIRE. I am trying to search out just what the objective is: You would want this Assistant Secretary to assume a great deal of what is now in the administration of the Forest Service?

Mr. WHITE. Yes. He would assume some of that.

Mr. DUNCAN. Will you yield at this point?

Mr. McINTIRE. Yes.

Mr. DUNCAN. It is really not the administrative duties that you are so much interested in as it is the policymaking?

Mr. WHITE. The policymaking in the lower echelons.

Mr. DUNCAN. Will you yield again?

Mr. McINTIRE. Yes.

Mr. DUNCAN. In other words, the Chief Forester has traditionally been drawn from the ranks of the Forest Service?

Mr. WHITE. He has.

Mr. DUNCAN. And has come up through the ranks, so to speak, with an orientation paralld to the policies the Forest Service itself has developed over the years?

Mr. WHITE. Correct.

Mr. DUNCAN. There have been some protests and objections from the people of the areas supervised by the Forest Service, have there not, as to these policies?

Mr. WHITE. This is correct.

Mr. DUNCAN. And there have been extreme difficulties in getting any modifications of these Forest Service policies, insofar as they affect the local level?

Mr. WHITE. That is absolutely correct.

Mr. DUNCAN. Is it not true, then, that what you really want is an Assistant Secretary who will be drawn not from the ranks of the Forest Service, but will infuse some new blood into the Service; an individual who could perhaps more impartially arbitrate the disputes that arise between the professional forester in the Forest Service, the representatives from industry and the representatives of the local governments in the areas affected by the Forest Service policy?

Mr. WHITE. That is correct.

Mr. DUNCAN. This is basically what you have in mind?

Mr. WHITE. Yes.

Mr. DUNCAN. One of the problems you have there is that there are no appeal procedures from the decision of the Chief Forester, and the fact that he has been the final determinator of these items of dispute?

Mr. WHITE. Correct.

Mr. DUNCAN. And your feeling is, I think, that if you were to have an Assistant Secretary who could bring to this position some new blood, some new ideas and particularly a viewpoint independent from traditional Forest Service policy, that these policies might be modified in such a manner as not only to effectively serve the Forest Service as it has an obligation to preserve each forest for the people, but also to permit them to dovetail with the local economies and with the wishes of the local units of government and the citizens and the industries; is that not basically what you want?

Mr. WHITE. This is correct.

Mr. DUNCAN. And it may be that this alone would not do the trick, that some type of appellate administrative procedure ought to be set up that would separate the rulemaking authority from the quasi-judicial determination of the disputes arising under those rules.

Really, what you are offering here is an intermediate step, sort of setting up an administrative quasi-judicial system, separate from the Forest Service?

Mr. WHITE. You are correct.

Mr. DUNCAN. There is one more factor that you have in mind and I think the witness mentioned it, and I think that one of the gentlemen up here mentioned it the other day when the Secretary was testifying;

that is, the Forest Service actually has jurisdiction over tremendous quantities of land in the West, does it not? It is the principal land-owner in my own district and I assume that it may be true with yours, too.

Mr. WHITE. Yes.

Mr. DUNCAN. And do not the local people in the West, particularly where these forests are located, have a feeling that perhaps the Forest Service is lost in the shuffle in the Department of Agriculture? I think the testimony the other day was that there were only four Assistant Secretaries. The feeling out there basically is that if we had one Secretary, an Assistant Secretary, with the prime responsibility for the operation of the Forest Service, that the Forest Service is big enough and important enough, not just on a regional basis, but that the lumber industry, too, is important nationally, and we feel then that it might prevent the Forest Service getting lost in the shuffle in the Department of Agriculture.

This is basically what you are seeking?

Mr. WHITE. This is basically correct.

Mr. DUNCAN. Thank you.

Mr. McINTIRE. Thank you.

Mr. POAGE. May I, before anybody speaks, call attention to the fact that we are going to have another witness, Mr. Hern, on the same subject, immediately following this witness. I do not want to cut anybody off here, but I do not think that we should ask all of the questions before Mr. Hern gets a chance to say anything.

Mr. Teague?

Mr. TEAGUE of California. No questions at present.

Mr. POAGE. We will next hear from Mr. Hern.

STATEMENT OF JACK HERN, PRESIDENT AND GENERAL MANAGER, REGULUS STUD MILLS, INC., ST. MARIES, IDAHO

Mr. HERN. Mr. Chairman and members of the committee, I am Jack Hern, president and general manager of Regulus Stud Mills, Inc., St. Maries, Idaho. I have been in this capacity for the past 16 months. Prior to my present position I was president and general manager of the Thompson Lumber Co., Bonners Ferry, Idaho, for 11 years. Both of these mills are small ones. Their cut never exceeded 15 million feet per year.

My companies have dealt with three different forests directly, i.e., the Kootenai National Forest, Libby, Mont.; the Kaniksu National Forest, Sandpoint, Idaho; and the St. Joe National Forest, St. Maries, Idaho.

In this area taken as a whole, the U.S. Forest Service has virtually an absolute monopoly on timber. This is not to say that no private timber exists in this area, but by and large it is owned by companies who have committed their timber to specific mills. At any rate, there is no private timber of any appreciable volume available to the small independent operator like myself.

By all the classic economic definitions, the Forest Service has a monopoly. The problems of dealing with an agency that has a monopoly of the raw material which are needed to run one's plants are manifold.

The Forest Service alone determines what the allowable cut shall be on the national forest. Any suggestion by industry to increase the allowable cut is almost universally met with resistance by the agency. Yet time after time it has been demonstrated that the allowable cut not only can be, but should be, increased to take advantage of new techniques in sawing procedures and species utilization.

I would like to point out specific examples of the problems involved in dealing with the Forest Service.

An example of the problems in getting timber put up for sales that should be harvested, was a small sale of lodge pole pine, in Trout Creek, Bonners Ferry. This sale was first requested by me in 1958. Two supervisors and three rangers later, in 1963, this small sale of salvage timber was made. The timber involved will probably run our mill a week. It took all this time to purchase this small amount of rapidly deteriorating timber. Had the timber been sold in 1958, there is no doubt that the Federal Government would have realized a greater return to the National Treasury.

Another rather significant case occurred during the spruce bark beetle infestation of 1954-59. We were operating in a sale called Hellroaring Creek sale in the Yaak River Basin, Troy, Mont. The timber was dying very rapidly and industry was working around the clock to harvest these dying trees. This particular sale was for around 5 million feet of spruce, but on the sale area there were over 10 million feet. I requested the Forest Service to sell us the additional volume so we could immediately harvest it, but I was turned down because of the redtape involved in increasing the sale. The price we were paying for spruce was approximately \$8 per thousand board feet at the time. Three years later, the Forest Service sold the same timber, now dead, and fit for nothing but pulp, for \$1.50 per foot.

I also asked the forest ranger to let us cut the dying spruce trees where we made our logging camp. He replied that he could not do this because the trees were outside of our sale area. When I protested to the forest supervisor the ranger's determination of the proposal, the supervisor's reply was, "I'll back my men."

At present, our company, Regulus Stud Mill, is the successful bidder on a sale known as the West Dennis sale in the St. Joe National Forest. We purchased the sale on November 30, 1961. It is a lump-sum sale containing a contracted volume of 994,000 feet of timber. The sale was divided into three units. Our company was required to pay for the volume of timber in each unit before we were allowed to proceed with the cutting. We notified the ranger that the first block was short of the volume which the Forest Service said was on it. We were told to proceed with the cutting of the second unit since we probably would make up for the lost volume of the first block in the second one.

The second block also fell short of volume. We notified the supervisor's office of the result. We were then told to proceed with the third block, and this also fell short of the required volume.

The actual recovered volume from this sale was 736,340, a shortage of a quarter of a million feet of timber. This represents an error in the Forest Service's lump-sum appraising methods on this sale of 25.9 percent. It also represents a loss to our company of \$2,731.33. A loss we can little afford on the present lumber market.

We immediately appealed the sale volume to the ranger and were turned down. We appealed through channels to the forest supervisor. We were turned down on the basis this type of an appeal exceeded his authority. A week later we received a letter from the ranger stating that we had several more things which we had to do to complete the job. As far as I was concerned, these were new things never before discussed.

Here is a list of them:

1. Finish felling and shaping over the culverts.

I think the letter meant "filling."

2. Clear and back slope cuts where turnouts were built.

We skipped No. 3.

4. Blade and shape the total length of the road.

In addition, some other work needs to be done on other parts of the sale.

The letter lists the other work required by the ranger.

We felt that this letter from the Forest Service to us listing the additional work to be done at considerable expense to us was in retaliation for our appealing this sale to the supervisor.

After we were turned down by the supervisor's office, we appealed to the regional forester in Missoula, Mont. We were turned down by the regional forester and now have our appeal in Washington, D.C. The appeal went into the Chief's office in Washington, December 28, 1962. As of today, we have heard nothing except a letter from the Chief Forester's office dated January 30, 1963, stating that the Chief will review the statement and records and may request additional evidence and information.

Although these are isolated events occurring several years apart in different forests, they are indicative of the various problems which are going on all the time between industry and the Forest Service. In each case the issue was determined by the Forest Service either wrongly or too late to do any good. In each case there was no one to appeal to except the Forest Service itself.

I feel confident that had we somewhere to go outside of the Forest Service to discuss these problems that a solution could have been arrived at to everyone's advantage. Please bear in mind that when a mill goes down from lack of timber anywhere, from 10 to several hundred men, depending upon the mill size, are immediately put out of work. The economic implications are immediately apparent. In many cases temporary mill closures could be prevented by proper co-operation with industry in the sales program.

I would like to point out here that demands for economic aid are constantly being made upon Congress to aid the depressed areas of the West. The results of withholding a portion of the allowable cut creates havoc with the local employment situation. It has been estimated by one forest supervisor that a thousand feet of timber converted to a thousand feet of lumber represents 7 man-hours of work.

Failure to put up 1 million feet of timber represents 7,000 man-hours of work lost forever.

Many of us in industry feel that the present appeal procedure is absolutely hopeless. I do not know this for a fact, but I have been told by good authority that only two or three appeals have ever been decided in favor of the operators. This of course precludes an equita-

ble solution to my problem between industry and the U.S. Forest Service.

There seems to be no set policy as to road building or maintenance. Each district varies as does each forest. In the present contract, which is no contract but only a document which the operators are given the alternative to sign or go out of business, there appears over 80 clauses, such as—

In the opinion of the Forest Service ;
At the determination of the Forest Service ;
As required by the officer in charge ;
At the discretion of the Forest Service—

and so forth.

Much has been said about the amount of timber held under contract by the lumber mills and why this reserve is not cut before more timber is sought. Many sales today, because of the depressed lumber prices, simply cannot be operated. For example, if a small mill such as mine was unfortunate enough to get in a competitive bidding situation where it was "do or die," and got a sale in 1960 that now has to be cut in 1963, in a much lower lumber market, he simply has to close his mill down, or else try to get another sale for less money so he can continue to operate.

In order for a mill to plan proper operations for timber cutting, it has to have sales that can best be operated in the summer, others in the early spring, and others in the winter. This requires a backlog of timber. To cut the winter logging sale in the summer may mean that the mill will have to close down the following spring with the resulting unemployment, et cetera, because it could not properly plan its operation. It is absolutely necessary for a backlog of timber at least equal to an 18 months' cut in the mill.

There seems to be a reluctance upon the Forest Service to recognize this and it appears that they resist putting up the allowable cut some years in order to prevent industry from acquiring enough timber to formulate a sound cutting policy.

At present, men who are technicians are required to determine forest policy, which should be the prerogative of Congress.

It is quite obvious to everyone close to the situation that many of our depressed lumbering areas would immediately come to life, if the mills were given the opportunity to purchase enough timber at a price commensurate with the existing lumber market. It is my opinion, and I am sure shared by many others, that if there existed a policy-forming official who had the authority to direct and implement policy as established by the administration that the use of the forests would more readily conform to the wishes of our elected representatives.

I feel that our representatives are more nearly attuned to the desires of the people and the basic needs of the Nation than are the men determining policy in the Forest Service, no matter how well meaning they may be.

Mr. POAGE. Thank you very much, Mr. Hern. Mr. Teague?

Mr. TEAGUE of California. I started out taking a very dim view of this proposal, but I am beginning to think maybe it has some merits. It seems to me that the situation might be comparable to what exists in the Defense Department where you have people in uniform comparable to the Forest Service people and you have the Secretary of

Defense comparable to the Secretary of Agriculture with many major problems. What you would like to do is to have somebody, if possible, comparable to the Secretary of the Navy, the Secretary of the Air Force, and the Secretary of the Army. Is that what is back of this proposal?

Mr. HERN. Yes.

Mr. TEAGUE of California. I am beginning to think this might have some merits, from listening to your statements. Thank you.

Mr. POAGE. Mr. Short.

Mr. SHORT. I am well aware of the problem that the timber industry has. We got into this when we were out in the Northwest with a subcommittee. These people have been here before the committee before and have done a real good job of presenting their problems.

I am still not quite convinced that the solution to this problem is simply another Assistant Secretary of Agriculture. It seems to me that the real problem that exists is in the mechanics of an appeal procedure. This is not to say that the Assistant Secretary of Agriculture would not help, but I do think that we have to recognize that it might not necessarily help if he were not sympathetic.

It seems to me that what we are dealing with here is how we provide a mechanism to provide positive review of the action of an administrative agency. In the present instance, the Forest Service acts as judge and jury over compliance and noncompliance with the rules and regulations. And the determinations which they are making just do not seem to make good sense. And where we go from here becomes the \$64 question.

A few days ago I suggested that we should take the Policy and Planning Section, which is now within the Forest Service, out from under the complete, maybe, domination is too harsh a word—of the Chief of the Forest Service and that would be moving in the direction that you want to go and you would have some section, maybe not planning, but policy, particularly, that you could go to. I am sure this is what you are searching for. And you hit upon the device of an Assistant Secretary of Agriculture. Maybe this is the way to do it.

I think we have to recognize that there are some real arguments as to how far we go if we have an Assistant Secretary of Agriculture for the Forest Service. If so, why should we not have one for wheat and one for corn and one for cotton and one for rice and one for peanuts and one for tobacco, and everything else? Where do you stop? How far do you go?

Mr. HARDING. Will you yield?

Mr. SHORT. Yes.

Mr. HARDING. There is a big difference between public land management and commodity specialization. I have often wondered, since I have been back here, if we should not have a Department of Public Lands, with the Park Service, the Forest Service, the Bureau of Land Management, and every other agency concerned with public lands into one department. I know that in my district I have Forest Service land that is 30 miles from the nearest forest. Yet these lands that are surrounded by BLM lands are administered by the Forest Service.

I do not know if the Assistant Secretary proposition will solve this. It is a problem. Yet, I think it is a lot different than an as-

sistant secretary for wheat or any other single commodity. I think that I ought to point that out.

Mr. SHORT. I think that we are dealing, actually, with a bigger problem than we realize. The gentleman from Idaho has just pointed it up. I know that this is something that people are not familiar with in this section of the country although we in the West are aware of it. You have hundreds of instances where you have Bureau of Land Management administered land joining right up against identical land that is administered by the Forest Service with two different policies applying to the land. And, as the gentleman from Idaho just pointed out, this does not make very good sense.

I pointed this out 3 or 4 days ago when we were here to hearings on this same subject. Maybe this is a job that Congress needs to face up to—the possibility of shifting over to a more efficient manner; the administration of public lands that are now administered by these two different agencies.

Mr. DUNCAN. Will you yield at this point?

Mr. SHORT. Yes.

Mr. DUNCAN. One of the witnesses referred to the Forest Service plan in terms of a monopoly. I think one of the things that has, perhaps, modified this so-called monopolistic tendency of the Forest Service has been the existence of another forest management agency in the Government, namely, the Bureau of Land Management. There has been, I think, some competition between the two. I think that the gentleman may be right that we lose efficiency by having two management agencies. In one sense of the word it would be more efficient if it were managed by one—if we could be assured that those policies in that single agency would be good policies. But one of the prices that we pay, I think, for competition and for a measure of freedom, at least, is perhaps a little inefficiency and duplication. I do not subscribe to the fact that there has been, but I think that there is merit to two agencies of the Government administering our forests. I think it has worked out pretty well in the State of Oregon.

I would like the gentleman further to yield. I think that there is a big problem here.

My own concept of it is the perennial problems that exist in government where, as the gentleman pointed out, the same agency acts as the litigant, prosecutor, and the judge. And I think that in this instance the assistant secretary, drawn from outside of the Forest Service ranks, may be the first step in achieving some independent determination of the disputes which arise both as to policy and as to the interpretations of those regulations.

I think the second step might well be the setting up of a panel of hearing examiners because, in effect and in fact, there can be no question about it that the Secretary himself, with his manifold duties, has the decision to make in this area affecting the forests and he is quite likely to draw upon the advice of the Chief Forester. And once again we have the same situation and the same agency where he is the judge and the jury.

Mr. SHORT. I thank the gentleman for his observation. What we are dealing with here is the basic problem of how we provide adequate review of the determinations of an administrative agency of Government. In relation to grazing, there were many problems that

existed similar to your problems some years ago. I would have to say that I think a good many of these, at least, if not all, have been resolved. I am wondering if the implementation of the so-called Forest Advisory Committee has had any bearing in bringing about this more congenial relationship between the grazing interests and the Forest Service and the grazing lands.

Mr. WHITE. May I comment on that?

Mr. SHORT. I will be glad to have the gentleman comment.

Mr. WHITE. The State of Idaho, at present, faces a loss of over \$100,000 in this fiscal year for changes in the grazing policies on the U.S. Forest Service plans, simply because these lands are adjacent to the Forest Service lands. They have leased this land to the cattle operators who have companion grazing permits on Forest Service lands. A recent reevaluation by the Forest Service reduced the permits as much as 80 percent.

Mr. SHORT. Will you excuse me a minute; you mean reduced the carrying capacity of the grazing lands?

Mr. WHITE. The capacity of the land.

Mr. SHORT. The carrying capacity or the number of livestock permitted to graze on the land?

Mr. WHITE. The number of livestock units; that is right. And now the State of Idaho is unable to lease its State lands that were adjacent to or in the Forest Service areas.

I made a statement during the campaign. I said that some of the people that were responsible for grazing management were people who had never been west of the Mississippi, based on information by people who had never gotten out of the draws. I still think this is true in many areas of Idaho.

Mr. SHORT. It is true in many areas of the West.

Mr. WHITE. I know that in my own instance they set up a little 4- by 4-foot wickiup made out of wire in an area that was not typical of a range of some nine sections that was overrun by Columbian squirrels. The Columbian ground squirrels could get into this little wire enclosure. The entire evaluation of this range area was based on this one little plot of ground 4 by 4 feet. They evaluated how many head of cattle this range would carry from the difference between the growth within and without this wired area.

I think that this whole situation, insofar as grazing, could be introduced here. I elected not to bring it in today.

Mr. SHORT. Thank you.

Mr. POAGE. Mrs. May.

Mrs. MAY. Mr. Hern, I represent a State farther north, where we have a great many problems very similar to those you have presented here. We have substantial National and State forest areas in our State. The problems you have so well outlined here today are, however, familiar to all of us in our State.

In the years that I have been representing this area in Congress, working with local officials, both in the lumber industry and the Forest Service, I have found one thing to be true concerning the pressures brought on the Forest Service, that they are great. I would like to speak one word, at least, in their behalf today.

I do not know how it is in Idaho, but I wonder if you have had the experience that whenever your Forest Service does announce that it

does have permits for allowable cut anywhere, with anyone, the big mill, or the small mill, that we get a great outcry from individuals, from groups around that they should not permit any cutting at all. This is one facet in this, Mr. Hern. I do not know if this is what you get in Idaho or not. These are pressures, we must realize in all fairness, on the Forest Service itself.

We have people in our own part of the Northwest who would just as soon that we would cut down no trees at all. These people write to Members of Congress. Maybe Mr. White has found this out already. And they write more letters than those representing the jobs involved in the forest industry.

I am sure, Mr. Hern, that you are familiar with the multiple-use bill that was passed out from this committee a few years ago where we were attempting to cover this subject. There is the one group that says we are overusing our forest reserves, there is another which says that we are not using our forest resources enough, which is important to the economy of our State. The multiple-use bill was an attempt by the Congress to work out a reasonable formula to satisfy all sides in the controversy.

There is another idea that has merit in arbitration, spelling out the policymaking and the final determination. We have had success with this plan in our area, and it might be helpful to you. Maybe you are already doing it. I am speaking of a local forest advisory committee.

You have said that there is great variation in the regulations between these various forest services on the building of roads, on clean-up matter after you have completed the allowable cuts.

Some years ago in my own town of Yakima—and we have done it in other areas—we did set up a forest advisory service committee between those people who want the proper use of the forests and want them saved for posterity and those who represent industry and the jobs, and the Forest Service representatives themselves, the rangers. They have held a regular series of meetings and they get the different opinions. They ask for suggestions and changes when they spell out the reasons for the regulations. This has had some success in working out some of our local irritations. It is, at least, a beginning.

I should like to have you comment on this if it has been successful at all. Have you attempted it?

Mr. WHITE. I just resigned as a member of such a committee on the Kaniksu National Forest. I would like to state that at the first meeting of the Kaniksu National Forest Advisory Committee, which was made of people who were livestock growers, people in local government, people from every facet of our economy in northern Idaho we were told that the Forest Service was the judge of any advice that we gave. And I pointedly told them at the meeting at Priest Lake, Idaho, "If you want me to come here to be indoctrinated, I feel that I am serving no purpose." And that I thought the entire purpose of this specific advisory committee was otherwise. We were at the outset told that our advice would be considered, but that it would not be binding in any way; that they would be the ultimate judge of what advice they would accept and what advice they would use.

I would like to say, also, that in this advisory committee there has been agitation all over for a new contract type—a new form for the contract for timber sales. I am told by people in the industry today

that the new contract prepared by the Forest Service is as bad, if not worse, than the previous contract that was supposedly the result of these advisory committee meetings.

I would like to say in defense of the industry in Idaho that we are not a group of spoilers. This attitude prevails in the eastern part of the United States that what we would like to do is to go out and cut down all of the trees, ruin all of the watershed, overgraze all of the grazing lands. This has happened in the past. It has happened in our area. They came in and cut down every tree and left the area denuded with no seed trees, no reforestation and the slash left on the ground that caught fire and contributed to the great fires that burnt all over north Idaho in early 1910 and 1914. This is not the operation of these people today. They realize that they are going to have to have sustained yields. They are going to have good cutting procedures, good management of their operations, maybe not always by choice, but it is forced upon them, and they do not resist this. They just want to have a fair show so that the proper harvesting of the timber is accomplished, so that industry and the economy can properly thrive and the communities and State and local governments will have an adequate compensation from the management.

In a State like ours 63 percent of our land consists of public lands. We are not here to combat windmills. We are trying to come to a realistic understanding of this problem with the people in control.

Mrs. MAY. I would like to assure the Congressman from Idaho that I do not think he has to sell anyone on this committee on that proposition. I think you already recognize we have a great many distinguished and beloved colleagues from east of the Mississippi who, perhaps, do not share our understanding of the problem yet. This becomes something that we have to do something about, to implement certain policies, to avoid stirring up these matters with those people in many other States who do not really understand the problems. As you say, there has been bad public image as regards the forests. This is why maybe this approach in this bill might be well. I do not myself know what is the answer. Obviously, it will provide some policy direction. Perhaps the Forest Service itself might welcome the Department and the Congress backing them up in a policy more lenient, more responsive to the needs of the lumber industry, when so often the picture is distorted to make it appear that they are giving lands away to cattle, to the lumber people. And sometimes the cries are much louder from this group than those of us who are asking for this sound multiple-use treatment of renewable resources that are definitely important to the economy of our States.

Mr. WHITE. Mr. Chairman, might I comment?

Mr. POAGE. May I say that I must recognize Mr. Harding who represents the State of Idaho and has wanted to be recognized. I must recognize him. The committee must go into executive session. We should have done so 15 minutes ago. The members are asking that we proceed. I am going to recognize Mr. Harding to question the witness in any way he cares to, and then we will go into executive session. And then if there are further comments on this bill we will stay here and hear them. Mr. Harding.

Mr. HARDING. Mr. Chairman, I would like to defer to my colleague, to Mr. White. Do you have a further statement?

Mr. POAGE. I did not recognize you to yield the floor to somebody else. If you want to ask questions, all right.

Mr. HARDING. I will go ahead and ask a question.

Mr. POAGE. Yes.

Mr. HARDING. Do you care to finish your statement?

Mr. WHITE. Yes, Mr. Harding.

Mr. HARDING. Well, go right ahead.

Mr. WHITE. There is only one thing that I want to add to my previous comment and that is that timber is a crop that must be harvested. As a boy I was on certain watersheds in Idaho where white pine trees, 4 feet in diameter, stood. I used to estimate the value of these trees and figured that they were worth \$100 at the old price during the 1930's. Due to improper management by the Forest Service, these trees were felled for culls when this area was ultimately logged. So I think there have been many instances where the timber sales management procedures have been improper. That is all I have to say.

Mr. POAGE. Thank you.

Mr. HARDING. I would like to note that two of the things that have been pointed out by both Mr. Parsons and Mr. Hern are the need for an appeal procedure. We have noticed that there is this need not only in timber but, also, in the livestock grazing industry on Forest Service lands. I have had a lot of experience with the Forest Service.

I have spent several summers working for the Forest Service in Idaho. I do not know of a more dedicated and devoted group of public servants anywhere than our rangers and career Forest Service personnel. They are well educated and many of them could be making far greater money in private industry than they are making with the U.S. Forest Service. However, they have a real desire to serve their fellow man. I respect them and trust their judgment as a rule. However, I still believe that an appeal procedure is needed.

I would like to throw this question out to both Mr. Parsons and Mr. Hern:

How would you feel about an appeal arrangement set up at various levels of the Forest Service in which we would have an appeal board consisting of the forester himself and a representative of each of the four industries affected: (1) the timber industry, (2) the mining industry, (3) the grazing industry, and (4) the recreation users of the Forest Service.

Would such a proposal sound logical and feasible and workable to you? I would like to ask Mr. Parsons first.

Mr. PARSONS. Yes, I think it would, certainly, be an improvement over what we have now. Some of these people have pointed out as to whether this bill is the final answer or not; however, it would seem to us to be the best thing that has been suggested so far.

I still think that while appeals procedure is a very desirable thing and something we should have that it still does not get to the root of one of the basic problems here, which is this matter of technicians making their own policies.

Mr. HARDING. But with or without this bill, would you agree that there needs to be an appeals procedure set up?

Mr. PARSONS. Yes, sir.

Mr. HARDING. Mr. Hern, how do you feel about it?

Mr. HERN. Well, I do not feel competent to answer, because I think that we would have to examine it first. I agree with Mr. Parsons that almost anything would be an improvement over what we have now.

As I pointed out in my testimony, it has been related to me that only two or three appeals have ever been decided in favor of the operator once they have reached Washington. I do not know whether this is true or not. However, the average man in industry believes this.

Mr. HARDING. You also pointed out in your testimony the problem you had with an appeal in which you went to the district forester and he upheld the ranger with the statement that he supported his men.

Mr. HERN. Yes.

Mr. HARDING. If we would have an appeals board composed of not only the district forester, but also fair and honorable representatives of your industry, the mining industry and the grazing industry and the recreational users of the forests, do you not feel that you would have had a better shake, so to speak?

Mr. HERN. We certainly would have had a better shake, but I would think offhand, I see no reason why the forest ranger or the forest supervisor should sit on the same appeals board that would determine the policy that he has already stated or perhaps decided against the operator.

Mr. HARDING. As of now, he is the only appeals board; if you can open it up to other multiple users of the forests, it would be a much more favorable situation, would it not?

Mr. HERN. That is certainly true.

Mr. HARDING. I do not have any further questions.

Mr. POAGE. Thank you, Mr. White, very much, for this discussion.

Is there anybody else who wants to ask questions of these gentlemen?

Do we have any other visitors who want to be heard?

Do you have anything further, gentlemen, that you want to say?

If not, we again thank you.

Without objection, there will be inserted in the record at this point a telegram from Mr. H. R. Glascock, forest counsel, Western Forestry & Conservation Association of Portland, Oreg., and a letter dated May 3, 1963, from the Western Lumber Manufacturers, Inc.

(The telegram and letter follow:)

WESTERN LUMBER MANUFACTURERS, INC.,
San Francisco, Calif., May 6, 1963.

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

DEAR CONGRESSMAN COOLEY: Forestry responsibilities of the Department of Agriculture are of great importance in the West. The Secretary and his present staff are faced with a multiplicity of programs and problems outside of the forestry field. It will be difficult to sustain their recent interest in this area.

The addition of two Assistant Secretaries to the Department would permit continued prompt attention to forestry problems. This type of interest has been needed for a long time and will continue to be important.

We hope that you will approve legislation providing for additional Assistant Secretaries and make this statement a part of your record of the May 6 hearing.

Sincerely,

GEORGE A. CRAIG, *Secretary-Manager.*

LAS VEGAS, NEV., May 5, 1963.

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

Request you enter into record of your May 6 hearing endorsement by Western Forestry & Conservation Association of additional Assistant Secretary of Agriculture for Forest Resources. Onerous responsibilities in forestry under multiple-use act of 1960, which we supported, call for stronger staffing in this field at departmental level. Growing need of American people for diverse products, and services from national forests, often creates problems in administration which go to secretarial level for resolution. Time has come for Department of Agriculture to have high-ranking official assigned to forest resources. We think it appropriate he be made an Assistant Secretary of Agriculture.

Respectfully,

H. R. GLASCOCK.

Forest Counsel, Western Forestry & Conservation Association, Portland,
Oreg.

Mr. POAGE. The committee stands adjourned, and will now go into executive session.

(Whereupon, at 11:51 a.m., the committee proceeded into executive session.)

○



