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HEARING

BEFORE THE

OF THE

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

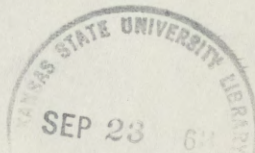
ON

H.R. 7155

JULY 25, 1963

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III



TO FACILITATE THE WORK OF THE USDA

THURSDAY, JULY 25, 1963

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE, SUBCOMMITTEE ON
DEPARTMENTAL OVERSIGHT AND CONSUMER RELATIONS,
Washington, D.C.

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

Present: Representatives Jones (presiding), Johnson of Wisconsin, Stubblefield, Matsunaga, Dague, Harvey of Indiana, Dole, and Beermann.

Also present: Representative Matthews.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbarger, counsel; and Robert Bruce, assistant counsel.

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

We are here this morning to hear from witnesses from the Department of Agriculture on H.R. 7155, a bill to facilitate the work of the Department of Agriculture, and for other purposes, introduced by the chairman of our committee, the Honorable Harold D. Cooley. I think it is apparent from a cursory glance at the bill that it is a pretty broad one, and for that reason we have asked a number of people from the Department to appear this morning, to go over it with us and to explain some of the details of the proposed legislation.

I think it might be well to point out to the members of this subcommittee that we have a letter addressed to the Speaker of the House of Representatives from the Secretary of Agriculture, recommending the enactment of this bill and also setting out briefly and, I think, very precisely, the authority that is being sought by the Department to facilitate the work of the Department in its several fields.

I think it might be well to start this morning with Mr. Charles L. Grant, Director of the Budget and Finance Division of the U.S. Department of Agriculture, who is accompanied by Dr. George W. Irving, Jr., of the Agricultural Research Service, Mr. Carl Miller, of the Agricultural Marketing Service, Mr. Robert Hill, of the Personnel Division of the Department, and Mr. Arthur Minor, of the Foreign Agricultural Service.

(H.R. 7155, and the Department report dated June 14, 1963, and the explanation of the bill follow:)

[H.R. 7155, 88th Cong., 1st sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of existing law and without regard to section 355, Revised Statutes, as amended (40

U.S.C. 255), but within the limitations of cost otherwise applicable, appropriations of the Department of Agriculture may be expended for the erection of buildings and other structures on land owned by States, counties, municipalities, or other political subdivisions, corporations, or individuals: *Provided*, That prior to such erection there is obtained the right to use the land for the estimated life of or need for the structure, including the right to remove any such structure within a reasonable time after the termination of the right to use the land: *Provided further*, That appropriations and funds available to the Department of Agriculture shall be available for expenses in connection with acquiring the right to use the land for such purposes under long-term lease or other agreement.

SEC. 2. The Secretary of Agriculture is authorized to make grants, for periods not to exceed five years' duration, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations and to Federal and private organizations and individuals for research to further the programs of the Department of Agriculture.

SEC. 3. The Secretary of Agriculture is authorized to obtain insurance to cover the liability of any employee of the Department of Agriculture for damage to or loss of property or personal injury or death caused by the act or omission of any such employee while acting within the scope of his office or employment and while operating a motor vehicle belonging to the United States in a foreign country.

SEC. 4. Section 602 of the Agricultural Act of 1954 (68 Stat. 908) is amended by adding at the end thereof the following:

"(e) Any officer or employee appointed and assigned to a post abroad pursuant to this title may, in the discretion of the Secretary of Agriculture, be assigned for duty in the continental United States, without regard to the civil service laws and without reduction in grade, for a period of not more than three years: *Provided*, That the total number of such employees assigned for duty in the continental United States under this provision shall not exceed fifteen at any one time: *Provided further*, That this Act shall not increase the number of persons employed at grade GS-16, GS-17, or GS-18."

SEC. 5. Section 602(b) of the Act of August 28, 1954 (7 U.S.C. 1762(b)), is amended by adding after "Attaché" the words, "Agricultural Counselor".

SEC. 6. Section 104(a) of the Agricultural Trade Development and Assistance Act of 1956, as amended (7 U.S.C. 1704), is further amended by inserting, after the word "*Provided*", the following: "That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines not to be needed, within a reasonable period of time, for such purpose: *Provided further*".

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

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

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

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

SEC. 8. Section 1 of the Act of July 12, 1943 (5 U.S.C. 542-1), is hereby amended by deleting the semicolon after the words "central services" in item (4) and inserting in lieu thereof a period and adding the following: "The Secretary of Agriculture is authorized to transfer to the fund and capitalize equipment and other assets as he may determine necessary in furnishing approved central services;" and by striking out the word "reimbursed" and inserting in lieu thereof the words "credited with advances or reimbursements".

SEC. 9. Subject to limitations applicable with respect to each appropriation concerned, each appropriation available to the Department of Agriculture may be charged, at any time during a fiscal year, for the benefit of any other appropriation available to the Department, for the purpose of financing the procurement of materials and services, or financing activities or other costs, for which funds are available both in the financing appropriation so charged and in the appropriation so benefited; except that such expenses so financed shall be charged on a final basis, as of a date not later than the close of such fiscal year, to the appropriations so benefited, with appropriate credit to the financing appropriation.

SEC. 10. Section 702(b) of the Department of Agriculture Organic Act of 1944 (5 U.S.C. 572) is hereby amended by striking out "the miscellaneous expenses of the work of any bureau, division, or office of" and by striking out "such bureau, division, or office" and inserting in lieu thereof "the Department".

SEC. 11. Section 8f of the Agricultural Adjustment Act of 1933, as amended (7 U.S.C. 608f), is hereby repealed.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 14, 1963.

The SPEAKER,
House of Representatives.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a proposed bill to facilitate the work of the Department of Agriculture, and for other purposes.¹

This Department recommends enactment of the proposed bill.

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

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

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

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

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

(5) Authorize use of the title "Agricultural Counselor" instead of "Agricultural Attaché" in several of the larger oversea posts.

(6) Authorize the Secretary of Agriculture to release Public Law 480 funds for other purposes in cases where 5 percent of the proceeds is larger than the amount needed for the market development program.

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

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

(9) Authorize the Department of Agriculture to make appropriate adjustments between funds available to any agency of the Department.

(10) Permit limited interchanges of funds between agencies of the Department of Agriculture (as well as within these agencies).

(11) Repeal a provision relating to shipment of grain from public grain warehouses to other warehouses without cancellation of warehouse receipts.

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

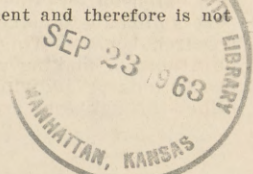
A similar letter is being sent to the President of the Senate.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

¹ H.R. 7155 is the same as the bill proposed by the Department and therefore is not included in this printing.



SUMMARY AND JUSTIFICATION OF PROVISIONS OF DRAFT BILL

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

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

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

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

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

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

Section 2. Authorize grants for research to State agricultural experiment stations and others to implement the programs of this Department

The Department has had authority for a number of years to make contracts and agreements authorized under the Research and Marketing Act of 1946 (Public Law 733, 79th Congress) and Public Law 545, 83d Congress, for commercialization, market acceptance, and economic feasibility of industrial utilization of agricultural products and processes and for other research activities of the Department. Public Law 85-934 provides authority to make grants only for basic research. It would be extremely helpful if broader authority were available so that the Department could make grants, for applied as well as basic research, for limited periods, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations and to Federal and private organizations and individuals to further the research programs of the Department. Grants could be spread over a period of not to exceed 5 years, but would be made from appropriations current at the time the agreements are entered into. It is not intended that such grants would be used for the modification, extension, or other improvement of the grantee's facilities.

It is difficult to make a fine distinction where basic research ends and applied research begins. This could lead to legal interpretations and result in complications in making grants. Also, following basic research grants to certain institutions or individuals, research leads may develop which would require follow-through for certain phases of applied research consequent to the basic

research results. For example, research on hybrid corn started with basic research by Shull of Princeton and Jones of the Connecticut Agricultural Experiment Station, who discovered the fact of heterosis, but intimately associated applied research on yield increases due to heterosis has resulted in an increase of corn yields of 15 to 20 percent in the United States. If the authority is restricted to basic research, it would not be possible to follow up such leads under the basic research grants.

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

Section 3. Authorize this Department to purchase insurance coverage on its vehicles in foreign countries

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

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

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

Section 4 (amendment of sec. 602 of the Agricultural Act of 1954 (68 Stat. 908)). Authorize assignment of agricultural attachés and related personnel for duty in the continental United States, without regard to the civil service laws and without change in grade, for not more than 3 years, not exceeding 15 employees at any one time

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

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

Section 5. Authorize use of the title "Agricultural Counselor" instead of "Agricultural Attaché" in several of the larger overseas posts

In several of the larger overseas posts there is need for the principal agricultural representative to have the title "Agricultural Counselor." When the title "Counselor" only applied to the head of the economic and political work of an embassy, then the title "Agricultural Attaché" was appropriate and had real meaning. In the course of intervening years, however, the use of the "Counselor" title has greatly expanded. Now several parts of an embassy can be headed by a person having "Counselor" rank.

Where an officer's name appears on the diplomatic list has a direct bearing on the persons he will meet and on his whole representational function. We do not set the ground rules for diplomatic practices, but must follow. Therefore it is highly important that our representative have a title at least equal to those of departments engaged in similar type of work. The title of "Agricultural Counselor" is not a new one. It was accorded to the ranking agricultural representatives abroad prior to 1954. The need for such a title is much more valid today when we have a much larger oversea operation—Public Law 480 activities and more particularly, increased emphasis on market development.

The authority to use the title "Agricultural Counselor" is sought to give our foreign representatives the title and rank that is necessary to do the job. It will place them on an equal level with other U.S. Government representatives. The title is in keeping with the growing importance of agriculture in foreign affairs and will measurably increase the effectiveness of our representatives in the larger ranking posts, which also coincide with our larger market outlets.

Section 6. Authorize the Secretary of Agriculture to release Public Law 480 funds for other purposes in cases where 5 percent of the proceeds is larger than the amount needed for the market development program

Foreign currencies set aside for the agricultural market development program under section 104(a) of Public Law 480 less the amount transferred to Agriculture for the program was, on March 31, 1962, more than the equivalent of \$97 million. Of this amount, 31 percent was in India and about 60 percent was in India, Poland, Pakistan, and Egypt. In addition a set-aside of \$127 million equivalent is expected from 5 percent of agreements signed through May 31, 1962. Most of this is in excess currency countries where there are only limited opportunities for market development. The percentage set aside may vary by countries but has to equal at least 5 percent of the total proceeds. The amount available for U.S. uses in other countries does not make it possible or feasible to substantially increase the set-aside in such other countries to reduce materially the set-aside in these excess currency countries.

There are some non-excess-currency countries where 5 percent of the proceeds is larger than the amount needed for the market development program. In some of these countries such as Brazil, Korea, Spain, and Turkey, there are substantial accumulations of currencies only part of which can be effectively used for market development. The balance not needed by Agriculture could, with enabling legislation, be sold by the Treasury to pay U.S. obligations abroad and alleviate to that extent the balance-of-payments problem. This cannot be done at the present time without increasing the set-aside in other countries which in most cases would have to be excess currency countries. It is not considered desirable to retain large amounts of currencies set aside for USDA market development when prospects for their use in a reasonable period of years are extremely limited. The excess funds in such countries should be made available for any U.S. Government need which might arise.

The proposed legislation is needed to authorize the Secretary of Agriculture to release currencies not required by the Department over the period of years as determined by the Secretary.

Section 7. Permit employees of this Department, while temporarily involved in a transfer to a State activity under the act of August 2, 1956 (70 Stat. 934), to preserve their health benefits in the same manner as benefits under the Civil Service Retirement Act and the Group Life Insurance Act are retained

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

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

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

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

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

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

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

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

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

The proposed legislation would enable the Department to purchase the necessary equipment from funds available for this purpose and to transfer equipment to the fund and capitalize it in the fund. This would permit a more economical large-scale operation rather than many less efficient smaller data processing operations. Equipment acquisition costs would be shared equitably by the using agencies.

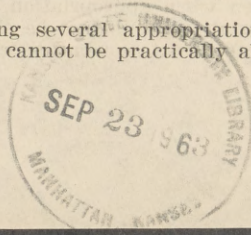
Authority for the agencies to advance funds for purchasing equipment and for paying operating costs would enable the Department to provide the automatic data processing facility, and other services which may be initiated in the future, without an increase in the appropriation for the working capital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

Section 9. Authorize the Department of Agriculture to make appropriate adjustments between funds available to any agency of the Department

Several Department of Agriculture agencies administer programs financed from appropriations and funds which must be charged with administrative and operating costs. Programs financed from different funds often involve activities carried out under integrated plans of work inevitably resulting in expenditures from one fund benefiting other funds.

These include (1) work camps providing eating facilities which occasionally furnish meals to employees financed from funds other than the financing fund, (2) specialized and technical services performed by personnel of one organizational unit to a unit financed from other funds, and (3) administrative costs where the exact charge to benefiting funds cannot be determined at the time payment is made. Soil testing and cartographic services are performed for the benefit of five or more funds of an agency.

In activities of this nature, benefiting several appropriations and funds, charges on individual payment vouchers cannot be practically allocated at the



time each payment is made. The most practicable way to accurately charge benefiting funds with the cost of work of the type described is to record initially in one amount the total expenses and charge each fund periodically with the proper cost.

Appropriation and fund adjustment for joint costs cannot be made without specific legislative authority where the financing and the benefiting funds are administered by the same Department of Agriculture agency, regardless of the number of funds available for program financing. Authority for the Department of Agriculture to finance materials and services from one fund of an agency and later during the same fiscal year charge benefiting funds of the same agency with the correct costs would permit improved recordkeeping and cost accounting practices. Materials and services financed under this authority would be those properly chargeable to both the financing and benefiting funds.

Where materials or services are furnished by one agency for the benefit of another Department of Agriculture or Federal agency the cost can be transferred by accounting adjustments under several authorities available to the Department of Agriculture. Section 601 of the Economy Act (31 U.S.C. 686) provides general authority to support reimbursement procedures for costs financed by other Government agencies.

Additional authorities for similar procedures are provided in such statutes as 7 U.S.C. 1387 for reproductions of aerial or other photographs, mosaics, and maps; 16 U.S.C. 590q-1 for furnishing supplies, materials, and equipment; and 5 U.S.C. 571 for inspections, analyses, and tests of food and other products.

The proposed legislation would enable the Department of Agriculture to use accounting practices for expense financing and adjustment related to intra-agency services that is comparable with reimbursements between appropriations of different agencies. The authority would be used only where services or materials can be more efficiently and economically supplied through the adjustment practices. The proposed legislation makes clear that such adjustments would continue to be subject to any limitation applicable with respect to the appropriations concerned.

This authority would be similar to the authority provided to the Census Bureau by Public Law 87-489, approved June 19, 1962 (13 U.S.C. 14).

Section 10 (amendment of sec. 702(b) of the Department of Agriculture Organic Act of 1944, 5 U.S.C. 572). Permit limited interchanges of funds between agencies of the Department of Agriculture (as well as within these agencies)

Section 11 of the draft bill would amend section 702(b) of the Department of Agriculture Organic Act of 1944 (5 U.S.C. 572) to enable the Secretary to interchange appropriations among agencies of the Department within a 7 percent limitation. The organic act now authorizes transfers among appropriations and subappropriations within an agency but not between agencies of the Department.

The Department has had authority to interchange funds within an agency since the 1910 Appropriation Act. In that act the amount which could be transferred to or from an appropriation or subappropriation was limited to 10 percent. The present 7 percent limitation was inserted in the 1943 Appropriation Act and made permanent in the Organic Act of 1944. The intent, as well as the wording of the language, however, has remained essentially the same since the provision was first included in 1910.

The necessity for the Department's interchange authority has long been recognized by Congress as indicated by the authority's long history. The House Committee on Agriculture, in reporting the Organic Act of 1944 (H. Rept. 1198), said:

It [the interchange authority] is regarded as an essential device or method of administrative management, especially where emergencies arise during periods when Congress is not in session, or where a fire occurs at a field station, a water supply system fails, an insect pest or plant disease breaks out, or other situation occurs requiring immediate attention. Such provisions in appropriation acts have been used to avoid the necessity for deficiency appropriations.

Currently, as in the past, the authority has been relied on primarily as an emergency authority in situations requiring immediate attention, which could not be foreseen when appropriation requests were made, and for which deficiency appropriations could not be obtained on time. In recent years the authority has been used to combat emergency outbreaks of forest insects and live-

stock diseases, to pay increased travel costs pursuant to legislation increasing travel allowances, and, in one instance, to carry out a program intended by Congress but inadvertently included under a wrong subappropriation item in an appropriation act.

Despite the existence of many situations demanding immediate action, the authority has been used sparingly. Requests within the Department are weighed carefully each time before being approved by the Secretary. As a consistent practice, furthermore, the Secretary has advised the appropriations committees of all contemplated transfers under the authority and has presented the committees with an opportunity to comment or state any reservations. Each transfer has been reflected in the budget materials as annually submitted to Congress, allowing the appropriations committees to review the exercise of the transfer authority. At all times, therefore, care has been taken to use the privilege with discretion and in accordance with the intent of Congress.

The proposed language would continue the interchange authority but would allow the transfer of funds between agencies in the Department. The language would be consistent with the responsibilities and authorities presently vested in the Secretary. An important result of the proposed language would be the promotion of more efficient financial management and the most effective use of funds available to the Department. Moreover, the authority would increase the range of fund resources for coping with emergency situations which inevitably arise in the Department's programs.

The Secretary would be able to act promptly in such situations, relying on resources available within the Department, without impairing other existing programs within the agency affected. Funds could be made available from other agencies in the Department where the need may be less critical without the delays inherent in the attempt to obtain supplemental appropriations. Judicious use of the authority would also enable the Department to reduce the number of supplemental appropriations presently required to meet unforeseeable developments.

With the enactment of the proposed legislation, no changes in the Department's policy of keeping Congress fully informed of contemplated interchanges is intended. As in the past, the practice of informing the appropriate congressional committees of contemplated transfers under the interchange authority would be continued.

Section 11 (7 U.S.C. 608f.) Repeal a provision relating to shipment of grain from public grain warehouses to other warehouses without cancellation of warehouse receipts

Section 8f of the Agricultural Adjustment Act of 1933 (7 U.S.C. 608f), as originally enacted, made it unlawful, subject to a penalty of fine and imprisonment, for public warehousemen storing basic commodities to deliver such commodities from their warehouses without surrender of the outstanding warehouse receipt.

In 1940, the section was amended to permit the shipment of grain from public country grain warehouses to other warehouses without taking up and canceling warehouse receipts for such grain. This practice was to be regulated with a view to protecting the owners of the grain "under such regulations as the Secretary of Agriculture might prescribe." The prohibition in the original section was retained with respect to all other warehouses.

For a number of reasons the regulations which would be required to administer the provisions of this section have not been prescribed.

The subject matter covered by section 8f is subject matter fully covered by the Uniform Warehouse Receipts Act in the several States; by various State warehousing statutes and regulations with respect to public warehouses licensed under such statutes; by the United States Warehouse Act with respect to public warehouses licensed under that act; and by storage contracts which almost all public warehouses have entered into the Commodity Credit Corporation. Further proliferation of regulations dealing with the same subject matter appears unnecessary, especially if such additional regulations agree in part and disagree in part with regulations already governing the subject matter.

The laudable purpose of section 8f and the regulations which might be issued pursuant thereto was to achieve a further measure of protection to depositors in public warehouses. The Department feels, however, that existing machinery for regulating and policing such warehouses is much stronger than it was in 1933 or 1940. Protection has therefore been improved. The Department is

also of the opinion that the most effective means of attaining additional protection lies in strengthening the warehousing statutes, regulations and policing activities of the States and the Federal Government where a need for additional protection is found, rather than attempting new regulations and administrative machinery under the Agricultural Adjustment Act.

The Department is reluctant to incur the expense of promulgating regulations and the administrative costs of enforcing them in a field already quite fully occupied under other State and Federal authority.

For these reasons, and to avoid the confusion of contradictory treatment of the same subject matter under various statutes, we recommend that section 8f be repealed.

Mr. JONES. I think, Mr. Grant, that if you would just briefly in your own words give the subcommittee a digest of what the bill is, then I think it will permit the members of the subcommittee to ask questions on the various sections as we go through them. The Chair recognizes Mr. Grant, the Director of the Budget and Finance Division of the U.S. Department of Agriculture.

STATEMENT OF CHARLES L. GRANT, DIRECTOR, OFFICE OF BUDGET AND FINANCE; ACCOMPANIED BY DR. GEORGE W. IRVING, AGRICULTURAL RESEARCH SERVICE; CARL MILLER, AGRICULTURAL MARKETING SERVICE; ROBERT HILL, OFFICE OF PERSONNEL; AND ARTHUR MINOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. GRANT. Mr. Chairman and members of the subcommittee, we appreciate the opportunity to appear and recommend the passage of H.R. 7155.

This bill consists of 11 provisions which have been brought together in one place to facilitate consideration by the committee and the Congress. These provisions are designed to improve and make more effective the operations of the Department of Agriculture.

As you have indicated, this bill is accompanied by a submission from the Department in the form of a brief statement which sets forth information on these provisions.

Section 1 would authorize the erection of research facilities on land which is not owned by the Government, but where it would facilitate the research program and where we would have the right to the use of the land for the estimated life of the building.

Section 2 has to do with authority to make grants for research work.

Section 3 would authorize insurance coverage for vehicles owned by the Department abroad; primarily by the Agricultural Research Service.

For this reason, Dr. Irving, Deputy Administrator of the Agricultural Research Service, will discuss that and the other two provisions at this time.

Mr. JONES. All right, we will be glad to hear from you, Dr. Irving.

Dr. IRVING. I will comment briefly on the Secretary's statement concerning these first three sections since, as Mr. Grant has indicated, they are of primary interest to the Agricultural Research Service.

As a matter of fact, as to the matter of facilities in section 1 of the bill, the Department has, as you are well aware, three opportunities to establish facilities: First, a Federal facility can be erected on

federally owned property; second, it can collaborate with the State agriculture experiment stations or others in facilities belonging to the States; or third, it can rent facilities for its research work.

Much of the research of the Department of Agriculture, particularly that of the Agricultural Research Service, is in cooperation with the States.

When the need arises to construct a new Federal facility the Department presently must first acquire title to the land upon which the facility is to be constructed. The cooperators, in most cases the States, are often unwilling or lack the authority to sell or to donate the land to the Government. They would be willing, however, in many cases to permit the Department to construct buildings on their land, but the Department's present authority will not permit the construction of other than a temporary building on such land.

The temporary buildings are often inferior, so far as the Agricultural Research Service purposes are concerned, and many times they do not fit in with the other buildings of the college campus upon which they are constructed; and, consequently, are less than adequate for the Department's research purposes.

The proposed legislation would permit the Department to construct permanent buildings on nonowned land. The Department would be protected through leases or other implements as sharing the Department tenure for the estimated life of or the need for such structures. Such leases, we are confident, could usually be obtained at a nominal cost to the Government, and any structure, of course, would be subject to cost limitations imposed by appropriation acts or other acts of the Congress.

Mr. JONES of Missouri. We had a similar bill up here last session, as I recall. I do not believe the committee approved that bill at that time, is that correct?

Mr. GRANT. That is correct; the bill was not reported by the committee.

Mr. JONES of Missouri. I believe, as I recall, it was rather late in the session and there were some questions about it. I think it might be well, because this seems to be one of the most important sections of this bill, therefore, if we would permit questions by the subcommittee at this time on this particular section and confine the questions to this section.

As I understand the situation, sometimes there are occasions where there might be a long delay in acquiring land, whereas you could get the permission to use the land and also, as indicated in some places, where the State or the college or the university might not have the authority to sell the land but would be willing to offer it in cooperation and let the Government come in and construct the facility and have the same use of the land as if the Government held title to it. That is my understanding. Is that correct?

Mr. GRANT. That is correct.

Mr. JONES of Missouri. Mr. Johnson.

Mr. JOHNSON of Wisconsin. From the discussion we had in the committee last year—and I am talking from memory—it seemed to be the opinion of the committee that if the State were to get a Federal grant for a building, they at least ought to give them a lease to the land.

I believe that was the conclusion that we came to. Perhaps I am wrong, but that is the way I remember the discussion that where the States did not grant that to the Federal Government that they get busy and go to the legislature and get authority to give a lease.

Mr. GRANT. In most instances, Mr. Johnson, where we propose to construct a Federal research laboratory on a college campus, they do transfer the title to the Government.

Mr. JOHNSON of Wisconsin. If you had authority to take a lease wouldn't there be a danger that most of the buildings would be put up by the Federal Government, because that would be the easy way out to do it? There would not be the initiative to do otherwise, if they give you a lease?

Mr. GRANT. It is my understanding that this authority would be used only for relatively small buildings, where there would be some advantage to the Department and to the Government in having a facility at a location. There are certain States where the college does not have authority to transfer title to the Government without going to the State legislature. We have had some instances where Congress has appropriated money for a research facility, and we have had to wait until the legislature could take action. Certainly it is the desire of the Department to be sure that wherever we use this authority, we have the right to the use of the land for the estimated life of the building.

We would also have to establish certain guidelines here to be sure that, where title should be transferred, we acquire title to the property by transfer, rather than by using the lease provisions.

Mr. JONES of Missouri. You also have instances, do you not, outside of where you were carrying on work in connection with colleges or universities where it would maybe be to the Government's interest to locate temporary buildings to carry on research, where you would see the termination of that in a few years—that it would be to the advantage of the Government to obtain the permission to use that land and it would be a disadvantage to buy it, because in the past we usually buy land at a high price and give it away or sell it at a low price when we are finished with it.

I can see some advantages from that standpoint.

Mr. Dole.

Mr. DOLE. How many research facilities do you have now?

Dr. IRVING. The Agricultural Research Service is operating in 218 locations in the United States.

Mr. DOLE. What is the total value of that property?

Dr. IRVING. I cannot give you an offhand answer to that. We do have that figure and I can supply it.

(The information follows:)

The Agricultural Research Service conducts research at 218 locations—205 in the United States and 13 in Puerto Rico, Virgin Islands, Guam, and foreign countries.

The Agricultural Research Service owns facilities at 144 of the 218 locations where research is conducted—142 in the United States and 2 in Puerto Rico, and Virgin Islands. The total cost of such facilities is approximately \$90 million, including about \$4 million for the cost of land.

Mr. DOLE. How many of these 218 facilities do you feel are inferior because of their temporary nature?

Dr. IRVING. I would make an estimate that perhaps one-third of our federally owned facilities are not as adequate as they should be.

Mr. DOLE. What type of facilities are these?

Dr. IRVING. Many of them are Butler-type buildings; some of them are quonset hut type of construction.

Mr. DOLE. Is that information available—could it be made a part of the record so that we would know what the 218 facilities consist of, where they are located and whether or not they are considered to be inferior?

Mr. GRANT. Yes.

Mr. DOLE. Do you have that information?

Mr. GRANT. I do not have it with me, but I am sure that we can obtain it and put it into the record.

(The information follows:)

There are federally owned facilities at 144 of the 218 research locations. These 144 locations are in 42 States, the District of Columbia, Puerto Rico, and Virgin Islands. The facilities include approximately 2,800 structures. While some of the structures are substantial laboratory-office buildings such as at the four Regional Utilization Research Laboratories; the National Animal Disease Laboratory, Ames, Iowa; the Plum Island Animal Disease Laboratory, Greenport, N.Y.; and the Agricultural Research Center, Beltsville, Md.; many of the structures are sheds and barns for livestock or for the storage and handling of crops; garages and other structures for storage of equipment; greenhouses and headhouses; insectaries and screenhouses; Soil and Water Conservation research gaging stations; farm machinery shops; etc. A large portion of these farm research structures were built prior to World War II. The Agricultural Research Service has endeavored to maintain and repair them in as satisfactory condition as possible within available funds.

A large number of small buildings are necessary for the conduct of the farm research work of the Agricultural Research Service, which includes research on livestock production and diseases; crop production, breeding, disease, and quality investigations; development of methods to control insect pests; soil and water conservation research; and farm machinery, farm buildings and farm electrification research.

A detailed classification of all of the 2,800 facilities by type of construction and by condition is not immediately available.

Mr. GRANT. I would like to point out, Mr. Dole, that we would not under this authority be permitted to construct facilities indiscriminately, because it would be limited to the number and amount provided in the Appropriations Act, which limits the buildings that can be built—not only the cost, but also the number.

For instance, the 1963 Appropriation Act limits us in the Agricultural Research Service, to not more than five facilities at not to exceed \$30,000 each. We are not talking about large facilities.

In instances where a building involved over \$30,000 we would have to have specific authority for the specific building at a specific location in the Appropriation Act itself. This would constitute the limitation.

Mr. DOLE. I understand that. This is the information that I want. I would like to know where they are located and what they are used for. Are some used for classrooms?

Mr. GRANT. No, they are not used for classrooms. They are research facilities utilized by the Department of Agriculture.

Mr. DOLE. I note here that as to section 355 of the Revised Statutes—I do not know what section 355 is—it states, "But within the limitations of cost otherwise applicable."

Will you explain to me that phrase?

Mr. GRANT. That statute prohibits the construction of a Federal facility on land that is not owned by the U.S. Government.

Mr. DOLE. Then would there be any payment made to the municipality or to the State for the lease where you are going to erect this building, where you build a building and they furnish the site, either by deed or by long-term lease?

Dr. IRVING. The site would be selected in collaboration with the technical people at the State location.

Mr. DOLE. Do you pay a rental or a lease payment—an amount for that each year, for the lease? Last year we felt that since it was a Government building which was a research facility, that there would be no charge for the use of the land. Is there customarily a fee paid for the lease?

Dr. IRVING. I think that there are a number of different ways in which this thing has been handled. I do not know which is the commonest one, but there is a fee paid for the lease. That is, in most cases, nominal. In most cases that is nominal, I repeat.

Mr. GRANT. May I clarify one other point with respect to your reference to section 355 of the Revised Statutes? There is another provision that I did not mention, that is the requirement at the present time that any interest in land acquired by the Government has to be approved by the Attorney General.

Under the proposed authority, it would not be necessary for us to obtain the approval of the Attorney General for each of these individual leases.

Mr. DOLE. Now, as to the buildings that are contemplated under this section, would those include such things as experiment stations—would that be within the purview of this section?

Dr. IRVING. Experiment stations, in the sense that they would be research facilities for use by the Department of Agriculture; yes, sir. They would be laboratories, greenhouses, animal yards, storage facilities, et cetera.

Mr. DOLE. If you erect the building, it could be used for any number of things, could it not?

Mr. GRANT. It could also be a building used in connection with the inspection and quarantine activities of the Agricultural Research Service.

Mr. HEIMBURGER. May I just clarify one thing?

Would these be experiment stations in the sense that term is usually used to mean State experiment stations?

Dr. IRVING. On the research side, yes. They would be the equivalent to what the States have at many of these locations.

Mr. HEIMBURGER. I did not make myself quite clear. Would these be buildings to be used by the State experiment stations, or would they be used exclusively by the Federal Government?

Dr. IRVING. They would be used primarily by the Federal Government. That would be the purpose of constructing them, but we would give these States the right to collaborate and to operate in those facilities as the occasion arose.

Mr. DOLE. That brings forth another question. Are all of these buildings that we presently have under the control of the Federal Government, as well as those that we may have in the future?

Mr. GRANT. Yes, sir.

Mr. DOLE. And the personnel are Federal employees, primarily?

Mr. GRANT. That is correct. I think what the question here is, would these buildings or laboratories or research facilities be turned over to the experiment station. They would not.

Mr. HEIMBURGER. That is what I was trying to find out.

Mr. GRANT. They would be constructed to carry out the authorized work of the Department of Agriculture. Much of our work, as you know, is in cooperation with the State experiment stations.

I think what Dr. Irving is saying is that there would be times when the State experiment station might assign one or two or three people to work with us.

Mr. HEIMBURGER. These would still be Federal research facilities—they would not become part of the State experiment station and under its direction, is that correct?

Mr. GRANT. That is my understanding.

Mr. DOLE. These ASC offices that they are building now, they are not for research purposes?

Mr. GRANT. No. The ASC offices are not Federal buildings built by the Department of Agriculture. They may be using space in a Federal building, constructed by the General Services Administration, but not by the Department of Agriculture.

Mr. HARVEY of Indiana. I am interested in section 2 of this bill.

Mr. JONES of Missouri. If you do not mind, we are only taking up the first section now. Mr. Matsunaga.

Mr. MATSUNAGA. I would like to pursue this point raised by Congressman Johnson as to whether or not you feel that by having a provision such as this in the law that the States and private colleges would have a tendency not to sell the land, but to lease it.

Dr. IRVING. I think that this would open that opportunity for choice. I do not know that there would be any greater tendency on their part to lease rather than to sell. I think there are advantages both ways. The advantages would have to be taken into account in each instance. I think that there might be a disadvantage to the State and the Government in some cases, and I think that there could be cases where it would be advantageous for the State and the Government to lease the land. I do not think that this would start a trend in that direction.

Mr. MATSUNAGA. Would you set a limitation as to the cost of a building where the land cannot be purchased; that is, an amount in excess of which you would not construct?

Dr. IRVING. That would be very hard to do. Of course, this particular section would not in any way limit or set a ceiling on the cost of a facility that would be constructed. That would be determined by the nature of the program need. I do not believe, however, that it would be wise to try to set a figure, saying that above this figure it should be on owned land and below this figure it could be on leased land.

Mr. MATSUNAGA. Would you set a limitation?

Dr. IRVING. I do not believe that would be a reasonable way to approach it.

Mr. MATSUNAGA. This limitation is applicable to all departments, is it not?

Mr. GRANT. Yes. It would be applicable to the entire Department. It is written in terms of all agencies within the Department of Agri-

culture—all activities—but we only acquire or construct buildings in a limited number of agencies, such as the Agricultural Research Service, the Forest Service, and the Soil Conservation Service, which has a few buildings in connection with their plant materials centers. In every instance we are controlled by the Appropriation Act, because under the Department's organic act of 1944 we cannot construct any building without provision therefor in the Appropriation Act.

Mr. MATSUNAGA. Does such a provision apply to other departments of the Federal Government, that they may not construct any buildings without the express authority of the Congress, or is the Department of Agriculture the only Department which is restricted by such a provision?

Mr. GRANT. I am not sure about other Departments of Government. The laws vary quite a bit as between, for example, the Department of Agriculture and the Department of the Interior. I am not clear on what authority they may have.

Mr. MATSUNAGA. With reference to section 355, that does apply only to the Department of Agriculture?

Mr. GRANT. No, that is a Government-wide statute.

Mr. MATSUNAGA. Maybe, Mr. Chairman, counsel can clarify this point for us?

Mr. HEIMBURGER. I will try to do so.

Mr. MATSUNAGA. On the question which I raised, whether the other departments in the Federal Government are also restricted by the provision as to the purchase of land.

Mr. HEIMBURGER. I will try to do that, sir. This is section 355. This is quite a long section. The title refers to land to be purchased by the United States, to be acquired by the United States and its jurisdiction over lands. It states:

No public money shall be expended upon any site or land purchased by the United States for the purpose of erecting thereon any Army arsenal, fort, fortification, Navy yard, or other public building of any kind whatsoever until the written opinion of the Attorney General shall be had in favor of the validity of the title.

That is not quite on the point.

It is a general statute, to answer part of the question.

Mr. MATSUNAGA. My question is, Why should we make an exception for the Department of Agriculture only? Should we not go to the extent of making this provision applicable in your proposal to all departments? Would not that be an advantage to the Federal Government by making your proposed new law applicable to all departments?

Mr. GRANT. There may be. The situation varies, of course, from one department to another. I do not know the extent to which other departments have a need for it.

I should point out that there was a need for this in connection with the Forest Service activities a few years ago. In 1950, the Congress did provide for this same kind of authority in the Forest Service.

Now the particular need that exists is primarily in the Agricultural Research Service, because it already applies to one of the major agencies within the Department, the Forest Service.

I do not know the extent to which the need exists in other departments.

Mr. MATSUNAGA. Do you have any statistics as to the number of times when you have had to forgo building upon a piece of land because you could not get title to the property?

Dr. IRVING. We have no statistics in that sense, but I would say—and I believe this can be supported—that generally almost without exception, when we have sought to erect a building we have had delays because of the lack of authority that we now request. In many cases, these have been matters of years of delay, waiting for the State legislatures to meet to take action.

Mr. JOHNSON of Wisconsin. From the type of building you are talking about, it would seem to me that we would not need to place any limitation on it, if they are small buildings that are being held up.

Mr. JONES of Missouri. That is not quite true. You would be building what might be called a permanent building. You anticipate that some of these will be those, because you are providing, as I understand it, that this land will be available for the life of the building. You are not just contemplating temporary structures on all of these, are you?

Dr. IRVING. No; as a matter of fact, we have authority for such temporary structures now. It is a common-type masonry building of an anticipated considerable life, a matter of decades, for necessary research or other activities.

Mr. JOHNSON of Wisconsin. From the way the bill is drawn it would seem to me that the States would go ahead and get the legislation through, if they wanted the building, and if it was of any considerable magnitude. But if it is some building that would cost \$5,000 or \$6,000, like for one of these quonset buildings, it would be pretty difficult to get that through a State legislature.

You say that you have some 218 of them now. Does the Federal Government now own the property that these small buildings are on?

Mr. GRANT. They are built on land owned by the Federal Government, or they are rented facilities. Some of them are rented. We do not own the property at all of these 218 locations. At some locations our work is housed in temporary quonset-type structures on leased property.

Mr. JONES of Missouri. Since there are 11 sections in this, maybe we had better move on to section 2, which would authorize grants for research to State agricultural experiment stations and others to implement the program we have in the Department.

If you will take up section 2 now, I think that we will try to move through and then we will come back for a general cleanup, if we have the time. I think we should try at least to get a brief explanation of each of these as we go along.

Dr. IRVING. This section, Mr. Chairman, provides, as you have indicated, for authority of grants for research to State agricultural experiment stations and other research institutions.

The Department's present general authorities are two: The Hatch Act of 1887, as amended in 1955, which of course provides for grants to the agricultural experiment stations in the States, and second, the Research and Marketing Act of 1948 which provides the Department with contracting authority for research.

We have presently, also, specific authority under Public Law 85-934, approved in 1958, which permits us to enter into grant ar-

rangements for research, but there are two specific provisions here, the research must be basic research and, second, the grants must go only to nonprofit organizations.

The proposed section of this legislation would broaden this authority to provide authority for us to do research by grants other than basic research; two, by grants to research institutions in general; and third, by grants to individuals.

The level of the grant operation throughout would, of course, be subject to limitations of the appropriations, but the need for this broader authority is very real, so far as research organizations of the Department are concerned.

As just one example, a grant can be made for basic research, say on the chemistry of starch contained in cereal grain. But if this grantee should discover something which has obvious application to develop a new use for cereal grains, or the starch contained in them, this same grantee cannot pursue this research to that practical application, yet in many cases he might be the ideal and the most capable individual for so doing. The reason for this is that we now have no authority to make grants for research in the applied research field.

We believe that this authority is definitely needed in the Department of Agriculture to avail ourselves of a pool of research talent that exists in profitmaking organizations. We believe that it is desirable to have it, so that we can tap the capabilities, imagination, resourcefulness of individuals in such organizations who can contribute to the agricultural research program.

Mr. JONES of Missouri. Well now, in the hearings last year there was set out information about contracts that you had with private organizations. That is on page 55 of the hearings of last year. And you listed a number of private organizations with which the Department now has research contracts. I conclude from what you have said that was all basic research?

Dr. IRVING. No, sir; that was applied research under the authority of the Research and Marketing Act of 1946. These are contracts, not grants.

Mr. JONES of Missouri. Maybe you had better explain to us the difference between a contract and a grant; in other words, you are spending money in either case?

Dr. IRVING. Yes.

Mr. JONES of Missouri. Is that right?

Dr. IRVING. Yes, sir. Simply stated, I believe the essential difference between research contracts and grants is that in the contracts we agree with an organization for it to conduct the specified piece of research that we wish to have done. We are in a sense buying a job of research, the details for which have been spelled out for the contractor. We purchase his performance of that specified piece of work.

In the case of the grant, however, we are granting money—providing money—to a capable research scientist or a group of scientists to conduct research within a broader area, say of chemistry or botany or bacteriology, for the purpose of finding out basic truths of chemistry and biology and bacteriology, with no particular application in sight, and with no specified plan of work laid down for the grantee.

Mr. JONES of Missouri. In other words, there would be greater latitude allowed under the grant than under the contract for a specific purpose?

Dr. IRVING. That is correct?

Mr. JONES of Missouri. And, of course, you mentioned the fact that you had these contracts with private organizations. You also had contracts, say, with universities and colleges?

Dr. IRVING. Many of them.

Mr. JONES of Missouri. Most of those are in the form of grants and you are permitted to do so under the law, now?

Dr. IRVING. No, sir; most of them are still contracts. We entered the grant field under this authority of Public Law 85-934 just this past year, and we have in the Department only two grants presently active, both executed in the past fiscal year in the amount of about \$150,000 total.

Mr. JONES of Missouri. That is what I am trying to find out. I cannot quite distinguish or determine the need for this particular legislation, since you do have the authority to make a contract. Do you have authority for certain types of grants? Maybe I am too dense, but I do not quite get that distinction.

Dr. IRVING. The grant authority we now have is limited to basic research.

Mr. JONES of Missouri. Then you have a fine line between basic and applied research?

Dr. IRVING. And applied research; yes, sir.

Mr. JONES of Missouri. And applied research?

Dr. IRVING. Yes. The same man who is now doing our basic research on these grants cannot continue this research into the applied research field. In the example that I cited, if he is studying the chemistry of starch for its possible use or development of adhesive properties or plastic properties, if in the course of this research he does discover something interesting—

Mr. JONES of Missouri. Actually he could get into applied research without knowing that he was violating the law, is that right?

Dr. IRVING. It is that fine a line. It could quite likely happen, but he could not proceed very far because as soon as he gets into applied research, as in the case we have cited, he would have to explore with people in the industrial field the performance of these adhesives or plastics in specific items which, definitely, is not basic research but is very definitely applied research.

So we would soon know in this instance when we had passed that line. He would know that, and we would know it, too.

Mr. JONES of Missouri. Are there any questions along this line?

Mr. HARVEY of Indiana. I am rather intrigued by this section, Mr. Chairman. I have followed agricultural research activities for quite a while. I am a little bit puzzled by the purpose, as you have explained it here in this section.

As I understand it, we have, by way of recapitulation, four regional research plants in the United States in the Department of Agriculture. And they are under the direction of Dr. Shaw, is that correct?

Mr. GRANT. We have four regional utilization research laboratories under Dr. Shaw, and Dr. Irving is his deputy and actually is in direct control of that work.

Mr. HARVEY of Indiana. You understand that these regional laboratories' representatives, some of them, have testified in the past that they had a whole host of what they thought were potential research productions or possibilities that they had on the shelf, that they had gone about as far as they could in the laboratory and that the limiting factor, according to them, was trying to find either a commercial company or someone of a similar nature who would take these off the shelf and build a pilot plant to determine if they had real commercial possibility. Is that true?

Dr. IRVING. That is correct. Over the past 15 years, since we have had this authority under the Research and Marketing Act, we have contracted for approximately \$900,000 worth of utilization research per annum which has extended our achieving research results. This past year we obligated more than \$3 million for research contracts.

Mr. HARVEY of Indiana. I hope that you will pardon me if I seem to be puzzled, but what I am getting at is, Are you not getting along pretty well right now?

Dr. IRVING. We are getting along very well right now. I think that the difference here is that we would be given even greater flexibility in the deployment of our research funds with the authority here requested.

The contract authority has worked very well where we have had a specific job that we could lay out for a contractor. The grant authority, we believe, for basic research is working very well, because we can spot capable people and allow them to develop new information in certain fields.

What we lack is the authority to allow that same basic investigator to pursue his discovery through to practical application.

Mr. HARVEY of Indiana. I note that you mention the experience with hybrid corn as an example. I happen to be one of those who was very intimately associated with the development of this research product. I followed it very carefully, also, with our research scientists who are stationed at Purdue University. I am certainly of the opinion that Dr. Brunson who is my very close friend, with whom I spent a great many hours, or did at that time, did not stop and think every time he went out to the experimental field, "Am I doing applied research or basic research?"

I am inclined to think that he was doing both and that you have been too. I think that most of them who had good judgment—and I think that they do have that—have been doing both anyway. And it would appear to me that about all you are doing or trying to do here is to give a license to do what you have been doing anyhow.

Mr. JONES of Missouri. That might be a good thing, do you not think, not to violate the law?

Mr. HARVEY of Indiana. I have been associated with a great deal of research by the Department, particularly in my State. I have been very closely associated with that. I am not making this statement in an unkindly or critical fashion. I am stating what I believe to be a factual situation.

Dr. IRVING. I think that you have stated it very well and quite honestly. I think in a practical way that is exactly the way the scientists use it. And that is what he should do. I think that the point here is a technical one, that he must have support for this work. If

he is totally on State support, there are no restrictions. He can pass the line and go backward and forward across basic and applied research lines, but when he applies for a grant from the Federal Government the present law applies if it is basic research. And if we judge it to be, we can support it.

Currently, if it is applied research, we cannot support it under a grant.

Mr. HARVEY of Indiana. I am certainly in hope that anything that we can do that will help to improve our research capabilities ought to be done. I do not want to be construed as being unfairly critical. I again come back to the conclusion that actually what there is left to do is to make legal what probably has been going on all of the time, and I think properly so.

I agree with you wholeheartedly that you cannot draw an exact line between basic and applied research. I do not want to belabor the fact any further, Mr. Chairman, but I think it is important that we get this in the proper perspective.

Mr. JONES of Missouri. I think that what Mr. Harvey says is true, but I am inclined to be favorable to this section, so that we would not run into a technical situation where the scientist would find himself reaching the point where he might make a valuable contribution, but might feel that the law would prevent him from doing it. From that standpoint I would think that we might just have that.

Are there any other questions?

Mr. HARVEY of Indiana. There is no specific amount set up here. Is that deliberate or an oversight as to how much could be authorized under this provision?

Dr. IRVING. That is deliberate. We have no intention here of writing into this particular section any limitation on the amount of the grant or any maximum.

Mr. HARVEY of Indiana. In other words, this has to do not with the actual amount that is appropriated, but with the use of funds having been appropriated?

Dr. IRVING. That is correct.

Mr. HARVEY of Indiana. Is that correct?

Dr. IRVING. Yes, sir.

Mr. GRANT. Yes, sir.

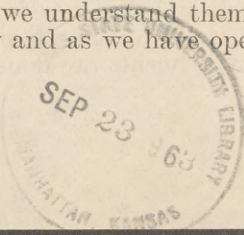
Mr. JONES of Missouri. Mr. Heimbürger.

Mr. HEIMBURGER. I dislike to belabor this point. It is still not quite clear to me, and I might add, it was not last year after we had discussed this—what you can do under a grant that you cannot do under a contract, or to put it the other way, why your contract cannot be written in terms of the general research authority you want to serve by means of a grant.

Dr. IRVING. I think again, this is a question of attitude on the part of researchers that we seek to employ under the grant and contract provisions. The scientists in the universities, in the research institutions in the country, are unwilling in many instances to be tied down by a plan of work as specific as we need to write it into a contract.

Mr. HEIMBURGER. Why do you have to write the specific work into a contract?

Dr. IRVING. The requirements there, as we understand them over the years since we have had this authority and as we have operated



with the management parts of the Department, are that you cannot have a contract unless you know when it starts and when it is finished.

Mr. HEIMBURGER. In other words, then the answer to my question is that the law presently will not permit you to write a contract just to employ a scientist to pursue a general line of research?

Dr. IRVING. That is correct.

Mr. HEIMBURGER. Is that correct?

Dr. IRVING. Yes.

Mr. HEIMBURGER. Thank you.

Mr. JONES of Missouri. Mr. Dole.

Mr. DOLE. Last year's hearing on page 54 you listed the total amount available to the Department for research as about \$125 million. Is this still about the same figure?

Mr. GRANT. The 1964 budget proposes, excluding the State experiment stations, about \$137 million.

Mr. DOLE. \$137 million?

Mr. GRANT. Yes.

Mr. DOLE. What about the private industries Mr. Jones referred to on page 55 of last year's hearings? Are these the same? Would they be the same as we had in last year's hearings, substantially; the private organizations having research contracts, or are there additional ones?

Dr. IRVING. There would be additions and deletions. That is a constantly changing thing as contracts expire and new ones are started.

Mr. DOLE. Is there a current list of those available?

Dr. IRVING. Yes, indeed.

Mr. DOLE. Mr. Johnson asked a very good question last year as to individual grants. How many individual grants are made or were made last year—grants to individuals, and he talked about in the example, or you did, rather, of raising cows and so forth?

Dr. IRVING. I think that was an example, a hypothetical example cited, rather than an actual example.

Mr. DOLE. Do you have any such authority now?

Dr. IRVING. We have no authority to make grants to individuals currently. That is requested in this pending legislation.

Mr. DOLE. Then you do not have grants to individuals?

Dr. IRVING. That is correct.

Mr. DOLE. Does this research include such things as research relating to cancer, to tobacco smoking, research on such things as that?

Dr. IRVING. We do no direct research on cancer, of course. We do a lot of research on tobacco; the composition of tobaccos and their properties and their effects upon animals. They are very much a part of our research.

Mr. DOLE. What about the effects on humans?

Dr. IRVING. We have no access to human experimentation; no.

Mr. DOLE. You do not do this in any area of any agricultural commodity. Do you have research on how the end product might affect the consumer of the product?

Dr. IRVING. Yes, we have. There are two areas that come to my knowledge where we do such research. We conduct pharmacological studies with experimental animals to determine the safety of new products and processes from the standpoint of human health, and secondly, we do human nutrition studies where in many cases the nutrition experiments are done on groups of human subjects.

Mr. DOLE. Have you had any experiments on the use of boiled peanuts? [Laughter.]

Mr. MATSUNAGA. I am still trying to get a distinction between a contract and a grant. Supposing under the contract an organization engaged in the manufacture of textiles developed an advanced grade of textile material, say from the leaves of palm trees. Once the process was developed, who determines whose that is under the grant?

Dr. IRVING. The U.S. Government.

Mr. MATSUNAGA. Whose property is that?

Dr. IRVING. The U.S. Government's.

Mr. MATSUNAGA. Supposing under a grant they develop such a textile: How are you going to determine whether this particular thing was developed under the grant or under the research program of the company?

Dr. IRVING. There is surveillance of both the contract and the grant. We have a technical specialist who is assigned—a technical specialist of our laboratory research staff—the responsibility for following the course of the contract or the grant, reviewing the progress reports, of the contractor or the grantee, and for recommending to the management side of agriculture whether progress payments should be made in the light of progress.

I think that we have to depend, and I think that our experience has shown that we can depend upon those individuals to determine whether an adequate effort is being expended for the money that the Government has put into the contract or the grant. There have not been, to my knowledge, any instances where there has been failure on the part of the company to disclose anything they have done for the Government in connection with the contract or the grant.

Mr. MATSUNAGA. This may be a legal question, but there is the question of the ownership. Is that more readily determinable under a contract than under a grant?

Dr. IRVING. I do not believe so. I should point out here that we have had a minimum of experience so far with grants, compared with, say, experience with the contract authority, but the provisions in the document in each case are that discoveries that are patentable—for example, that are made under the contract or the grant, in other words, under Government support—are the property of the U.S. Government.

Mr. HEIMBURGER. May I ask one more question?

Mr. JONES of Missouri. Yes.

Mr. HEIMBURGER. Am I correct in my assumption, then, that whether you call it a payment under a contract or a payment under a grant, there will be supporting documents of one kind or another, even in the case of the grant, outlining what the grantee is going to do, stipulating that any discoveries he makes will be the property of the Government?

Dr. IRVING. That is correct.

Mr. HEIMBURGER. There are such documents?

Dr. IRVING. In both cases; yes, indeed.

Mr. HEIMBURGER. Thank you.

Mr. JONES of Missouri. Mr. Beermann.

Mr. BEERMANN. Are all of the research grants and contracts with organizations only in the United States and its possessions, or are there any in foreign countries?

Dr. IRVING. Under this authority it is only in the United States, but we do have authority under Public Law 480 to conduct research in foreign institutions and we do such research in foreign institutions.

Mr. BEERMANN. Are we going to get into that area today?

Mr. GRANT. No, sir.

Mr. JONES of Missouri. Are there any other questions on section 2? If not, we will proceed to section 3.

Dr. IRVING. Section 3 of the bill, Mr. Chairman, requests authorization for the Department to purchase insurance coverage on its motor vehicles in foreign countries. The only authority that the Department has in this field is with the Foreign Agricultural Service. The Agricultural Research Service does not have such authority. However, the Agricultural Research Service does operate in connection with its research and other activities in foreign countries motor vehicles where in many cases the laws of a country concerned require insurance or where operating risks would necessitate insurance, but the Department has no authority now to pay the premiums on such insurance.

Our only present solution is for the employees themselves to pay the costs personally or to take other alternatives providing necessary transportation in connection with our program, such as the rental of vehicles at the site.

The request is made for permission for the Department to purchase such insurance coverage.

Mr. JONES of Missouri. To what extent has the Department been handicapped by not having this authority?

Mr. IRVING. We have a long history of handicaps, I think, in this field.

The first handicap we can think of, of course, is that where an individual is assigned a job in a foreign country for the Department and he finds that a motor vehicle is essential for the conduct of his work. He must then personally pay the premiums on liability insurance in order to operate that car and to conduct the Government business. I would say that is a handicap, so far as the personnel are concerned.

The second handicap is where there is an unwillingness or inability on the part of the employee to do it, then an alternative means must be sought to do this, such as by rented vehicles.

I recall in the file that I have seen on this that two of our technical personnel in Morocco had to take a field trip to Spain and in the course of this, because of the lack of insurance on their vehicles at the time, they had to take a plane and rent automobiles for the fieldwork. It cost—instead of being less than \$100 for this, the cost was in excess of \$300, which is just one weeklong episode.

I believe these things could be recounted and multiplied considerably as we take into account our operations throughout the world.

Mr. JONES of Missouri. Let me get this clear:

In other words, in other Departments of the Government is there a provision, say for example in the State Department, for their vehicles to have this liability insurance?

Mr. GRANT. Yes; there is and also in connection with the agricultural attachés who were transferred to the Department of Agriculture. This is applicable to vehicles operated by the Foreign Agricultural Service, but not to any other organization of the Department.

Mr. JONES of Missouri. In other words, all of these others are covered except those who are doing research, is that correct?

Mr. GRANT. They are the only people that we have overseas at the present time using Government-owned vehicles, except the Foreign Agricultural Service. We do not have any employees abroad except in the Agricultural Research Service and in the Foreign Agricultural Service.

We have a few employees in connection with grain inspection located in Canada, but this insurance is not a problem there.

Mr. JONES of Missouri. Does the agricultural attaché have his liability insurance paid for by the Government; that is, the premium?

Mr. GRANT. That is right.

Mr. JONES of Missouri. The agricultural attaché on Government business?

Mr. GRANT. Yes, sir.

Mr. JONES of Missouri. Of course, on his private vehicle he would have to arrange that himself?

Mr. GRANT. That is correct. We are just talking about Government vehicles.

Mr. JONES of Missouri. Are there any other questions?

Mr. Dole.

Mr. DOLE. There is a doctrine of law involved here about liability of a sovereign for torts of his agent. We had this question in Kansas years ago where the county bought the insurance. We were told by the Attorney General we were not liable for the negligence of the agent and that buying insurance was an illegal purchase. Has our Government ever gone through a legal process in any case or were they all settled through the embassy and are there many cases in which this question arises?

Mr. GRANT. Not to my knowledge.

Mr. DOLE. This is a legal doctrine, which also applies to a sovereign nation with respect to liabilities for the negligent acts of their agents.

Where your agents drive Government vehicles and have insurance, are they reimbursed in some way for the expense item?

Mr. GRANT. No; they cannot be, because we do not have the authority to reimburse them. That is what this proposed language would do; that is, give us authority to use departmental appropriations to pay the premium.

Mr. DOLE. It does not amount to many thousands of dollars, does it?

Mr. GRANT. That is right.

Dr. IRVING. It would be less than \$5,000.

Mr. MATSUNAGA. Would you yield there?

Mr. DOLE. Yes.

Mr. MATSUNAGA. Has this question been looked into?

Mr. GRANT. I believe it has, Mr. Matsunaga. I would need to get an opinion from our General Counsel on this. I am not as well informed on this particular aspect as I should be, but we do know that in many instances the employee is not permitted to operate a Federal vehicle unless he has liability insurance abroad. This is true in a number of countries.

Mr. MATSUNAGA. As I understand it now, regardless of whether the employee is insured or not, when driving a Government vehicle

he is an agent of the Government, and in order to bring suit against the agent or the Government, permission must be obtained to sue. Would we, by adoption of this provision here, be waiving that immunity?

Mr. GRANT. I believe not. It is my understanding that this would not affect the Government's immunity.

Mr. MATSUNAGA. You have to get permission from the Federal Government to sue then. Thank you.

(The information follows:)

The purpose of the insurance is to protect the employee driving a Government vehicle from personal liability in the event he is involved in an accident in a foreign country. It is the opinion of the General Counsel that the Government would not waive its sovereign immunity by purchasing such insurance. The State Department and the Foreign Agricultural Service have long had similar authority to purchase insurance for their vehicles abroad (5 U.S.C. 170h, 71 Stat. 332).

Mr. JONES of Missouri. Are there any further questions?

Mr. Beermann.

Mr. BEERMANN. This relates to all Department of Agriculture employees, does it?

Mr. GRANT. Yes; it does.

Mr. BEERMANN. Not just to the Agricultural Research Service?

Mr. GRANT. That is right.

Dr. IRVING. The research conducted by grants in foreign countries utilizing foreign currencies under authority of Public Law 480 is conducted by foreign institutions whose employees are foreign nationals and not Department employees.

Mr. BEERMANN. Under this provision, would that be for a year, the annual payment, or what?

Dr. IRVING. Our grants to foreign institutions are up to 5 years in duration.

Mr. BEERMANN. Thank you.

Mr. MATSUNAGA. In connection with an earlier question raised, could we request Mr. Grant to have Department counsel look into that question?

Mr. JONES of Missouri. Yes; I think that we should.

Mr. GRANT. I will be glad to have a statement put in the record on this point.

Mr. JONES of Missouri. We will now go to section 4. Mr. Minor will cover that.

Mr. GRANT. Yes, sections 4, 5, and 6 Mr. Minor will cover.

Mr. MINOR. Mr. Chairman, section 4 amends section 602 of title VI of the Agricultural Act of 1954 by adding at the end a provision which would authorize the assignment of persons who are brought in from foreign posts to duties in the continental United States without regard to the civil service laws and without reduction in grade for a period of not more than 3 years, provided that the number so assigned at any one time do not exceed 15 and provided further that this will not increase the number of persons employed at grade 16, 17, or 18.

The Foreign Agricultural Service in staffing its 61 attaché posts in foreign countries draws largely on the Washington staff of the Department. The men serve out foreign attaché posts periods of usually

from 4 to 6 years and then return for service in the Department. This rotation, we believe, strengthens our field staff, because we have people in the field who know U.S. agriculture and the service in Washington is strengthened because we have people who know the field. An attaché who stays out too long loses many of the vital contacts with U.S. agriculture. We believe that the rotation system contributes a great deal to the effective work of the service.

This language, to put it simply, would authorize us to assign a grade 15 who has been in the field for 4 to 6 years, upon transfer to Washington to a GS-14 position if there is no GS-15 position available. If we have a grade 15 position for which he is qualified we will assign him to it. In most of the cases that can be done, but there are times when we may have a grade 15 who is well qualified that could best serve as a marketing specialist; for example, in one of our commodity divisions which, normally, is a grade 14. We are requesting authorization to assign the man to that division to work for a period of not to exceed 3 years at this current grade. He would perform the assigned duties and then would be expected to take another field post.

This would not add to anyone's grade above what they have and would add to the effectiveness of our work.

Mr. JONES of Missouri. I might say that we had quite a discussion of that last year. I have always felt that it was very desirable that these people be brought back to the United States to keep in contact with the Department here and to keep familiar with the subject. I think it has been unfair to ask the fellow to take a lower grade when he is being brought here with the expression of going back overseas later on. I am hopeful that we can do something about it.

As you know, I have been rather close to this Foreign Agricultural Service, particularly the duties of the attachés. I have been pleased with the improvement we have been able to make in that area and I hope that we can do something about this.

Are there any questions by any member of the committee on this particular question?

Mr. DOLE. How many are in the supergrades?

Mr. MINOR. At the present time we have 10—7 at grade 16 and 3 at grade 17.

Mr. DOLE. How many are rotated at any one time?

Mr. MINOR. That would vary from time to time.

In some cases we will have a corresponding grade here that we can use. The number that would be assigned to Washington at any one time would be very limited. In fact we would not expect to have more than two or three of the field supergrades assigned to Washington at one time.

Mr. MATSUNAGA. As to the language on page 3 of H.R. 7155, lines 5 and 6, "for a period of not more than 3 years"—do you mean by that cumulative or consecutive?

Mr. MINOR. We mean consecutive. That is at any one assignment. When a man has been out for a tour and comes back to Washington we could not just set him up and let him stay in the grade indefinitely. He would have to be reduced or moved out of the position at the end of 3 years. We could not keep him here more than 3 years. He would have to go back to the field or he would go on under the regular provisions of the law.

Mr. MATSUNAGA. Then do you intend that if he goes out to foreign service for 1 year he can come back and put in another 3 consecutive years here?

Mr. MINOR. We do not send them out for 1-year tours. We send them for 2-year tours, and frequently they are assigned again, but after another tour he could be reassigned for another 3 years. I do not conceive that that would occur that way, but it could.

Mr. MATSUNAGA. You should insert the word "consecutive" in here if that is the intent, to show 3 consecutive years.

Mr. MINOR. That would certainly be the intent, but I would not want to suggest that they could go out for 1 year and come back for another 3 years.

Mr. MATSUNAGA. That is the way you have it here now, as I see it. One could spend 3 years here and then no more, and after those 3 years he would revert to the status of not being able to be assigned here as under present law.

Mr. MINOR. I would not have so interpreted it. You may be correct in that. We will look into it.

Mr. JONES of Missouri. Are there any questions about this particular section before we move on to section 5?

If not, you may proceed.

Mr. MINOR. Section 5 would amend the same act, title VI of the Agricultural Act of 1954, by adding in section 602(b) after the word "attaché" the words "agricultural counselor."

That section provides for the persons assigned to a post abroad under the act, which is the agricultural attaché and supporting staff, to have the designation of "agricultural attaché" or other titles of designation which shall be jointly agreed to by the Secretary of State and the Secretary of Agriculture. This amendment would add "agricultural counselor" in addition to that. The persons who are assigned abroad have representational responsibilities, and the position that they occupy in the diplomatic list and in the organizational pattern of the embassy would have some influence on their contacts and opportunities that they have for furthering the work they are assigned to do.

There has been an increase in the number of counselors assigned to various foreign posts. At the present time there are, for example, in some posts counselors for economic affairs, for political affairs, for consular affairs, for administrative and commercial affairs. We have no counselors for agriculture. The agricultural attaché is the highest title that we are using.

This amendment would not affect the grades of any personnel. It would not affect the pay. It would be simply an authorization to utilize the title "agricultural counselor." It is not new, because prior to 1954, when the attachés were returned to the Department of Agriculture, there had been a number of agricultural counselors—not a large number, but several.

Mr. JONES of Missouri. If you will pardon me, I do not think that there is any great amount of controversy about this section. We are getting pretty close to the time to stop. Unless there are some questions, we will continue. As I understand it there is no more money involved, it is just a question of giving a different title?

Mr. MINOR. That is correct.

Mr. JOHNSON of Wisconsin. It provides that you can have an agricultural counselor and an agricultural attaché at the same time?

Mr. MINOR. Yes.

Mr. JOHNSON of Wisconsin. What do you have now?

Mr. MINOR. We use working titles of "attaché" and "assistant attaché." The amendment would not add any people, but we could have an agricultural counselor and an agricultural attaché. We have at the present time in some cases two or more persons having the diplomatic title of agricultural attachés. The people we assign abroad in grades GS-12 and above have the diplomatic title of attaché. The proposed amendment would simply mean that at a few of the larger posts we would use the title "agricultural counselor" and "agricultural attaché," instead of two attachés.

Mr. DOLE. How many signs would have to be changed?

Mr. MINOR. I would not know whether any signs would have to be changed.

Mr. DOLE. It would be like a lawyer and a counselor at law. I am a lawyer in my small hometown, while in Kansas City they are counselors at law.

Mr. MINOR. I should say that is comparable.

Mr. DOLE. Very well.

Mr. MINOR. There are five nations, for example, that have agricultural counselors representing them in Washington—Argentina, Canada, Denmark, Japan, and the Republic of South Africa. Many other countries have agricultural attachés.

Mr. MATSUNAGA. What happens to the protocol?

Mr. JONES of Missouri. We will let them worry about that.

Mr. HEIMBURGER. Just one question on this. Will the change in title make the counselor eligible for a higher rate of pay than he would be eligible for if he were an attaché?

Mr. MINOR. No. Other authorities would control that. It would change his position in the listing at the post.

Mr. HEIMBURGER. But the mere change of title would not of itself make him eligible for a higher grade of pay?

Mr. MINOR. No.

Mr. HEIMBURGER. Thank you.

Mr. JONES of Missouri. Let us move on to section 6.

Mr. MINOR. Section 6, Mr. Chairman, would amend section 104(a) of the Agricultural Trade Development and Assistance Act of 1956, commonly known as Public Law 480, by inserting after the word "provided" the following:

That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines not to be needed, within a reasonable period of time, for such purpose.

The purpose is the developing of new markets for U.S. agricultural commodities.

This section provides that not less than the equivalent of 5 percent of the sales made each year under title I shall be set aside for market development work. It does not specify 5 percent from each agreement, but 5 percent total from the sales which are made, and the 5 percent may come from sales or from repayment of loans and interest.

In a year in which \$1 billion of sales are made under title I, 5 percent would be \$50 million. In many countries which are our best

market prospects there are no Public Law 480 title I sales. The section also requires that provision be made in sale and loan agreements that not less than 2 percent be available for conversion to other currencies. That provision has been extremely effective in helping to finance market development work from Public Law 480 funds. We are using it to the fullest extent that we can.

We are piling up in certain countries currencies which will not be required in the foreseeable future for market development work. We would like for the Secretary to be able to release such of those as he determines will not be needed in a reasonable period so that they would not be charged to the department. This is particularly true in countries like Pakistan, India, the United Arab Republic, Indonesia, and Yugoslavia where at the present time we have very substantial funds set aside which are not needed and which should be included in the general funds of the Treasury rather than set aside for this particular purpose.

There will also be cases in countries like Korea and Vietnam where currencies may accrue to a larger extent than can be used and where they could be used by the United States to good advantage.

Our attorneys have advised us that the Secretary does not have the authority to release any of the funds. He can reduce the set-aside in one country and increase it in another, but he cannot reduce below the 5-percent total under the existing law. Reductions have been made in some countries and increases in others to finance anticipated needs, but after taking care of the estimated needs for the next 5 years there are funds which are not required. There are repayments of loans coming in as well as funds from new agreements which are being signed which will add to the amount. We believe that in the interest of maintaining realistic records of the funds and utilization of them that it would be desirable to enact this propose legislation. It is not intended that this would be used at any time to release any funds which the Secretary determines will be needed for market development work in a reasonable period of years, nor to release any funds which the countries are obligated to convert to other currencies, because those would be available and could be used over the ensuing years, even if these funds did not continue to come in.

Mr. JONES of Missouri. I think that is a pretty complete explanation and if there are no questions we will proceed.

Mr. BEERMANN. Just one question, Mr. Chairman. What is the amount of the funds that we are talking about here—this 5 percent—how much does that amount to?

Mr. MINOR. The sales of last year, I believe, were about \$1 billion and 5 percent of that would be \$50 million. The amounts that would be released would be something less than that.

Mr. BEERMANN. Released to whom?

Mr. MINOR. To the Treasury. It would simply be changed from being set aside and earmarked for the use of section 104(a) for market development to the Treasury for any use that the United States might have.

Mr. BEERMANN. Well, then, will this allow more of the funds for the commodities instead of promotion?

Mr. MINOR. No; the funds would be available to the Treasury for any U.S. uses. It would not affect Public Law 480 sales programs at

all. It would simply be money in the Treasury for any U.S. use, rather than set aside for market development only. Most of the funds, let me make this clear, that would be released would be in the excess currency countries as they are defined where the United States has all of the currency it can use. It is a bookkeeping transaction, we could say. The Secretary has requested that funds from agreements signed to December 31, 1962, be set aside for market development in amounts anticipated to be needed for the next 5 years. There is set aside in six countries about \$69 million equivalent in foreign countries that we do not need and estimate we will not need. Those currencies are not where the United States really needs more, but they are charged to Agriculture and we would like very much to reduce that amount to a realistic figure.

Mr. BEERMANN. Would this allow the Department of Agriculture to sell the reserve funds to tourists, to reduce the balance-of-payments problem?

Mr. MINOR. The Treasury makes sales to tourists. These funds would be released and they could sell them to the tourists if they are needed for that purpose, but all the Department of Agriculture is asking permission to do is to write to the Treasury and to say, for example, "There are \$15 million equivalent set aside in Pakistan for Agriculture that we have determined we will not need, and request that the set-aside for Agriculture be reduced that much."

Mr. BEERMANN. And it will not be given to Pakistan?

Mr. MINOR. No, sir.

Mr. JOHNSON of Wisconsin. If I understand the law correctly, when Public Law 480 was passed some Member of Congress added this amendment.

Mr. MINOR. It was an amendment that was added later.

Mr. JOHNSON of Wisconsin. It is not what you need. Five percent might be too much in many cases. So you are asking to release that extra money?

Mr. MINOR. Yes. The 5 percent at the present level of programs is more than can be properly used and we would like to release part of it. We would not release any currency in any country where it could be used nor would we release any currency which is eligible to be converted, because that is definitely needed for the program.

Mr. JOHNSON of Wisconsin. This comes about because some countries have received such large amounts of surplus products and in other countries but a small amount. Five percent in India would be an enormous amount.

Mr. MINOR. The Secretary can reduce the amount that is set aside in one country and increase it in another country. He does have that authority, but there is not enough currency for U.S. uses in countries where funds are needed for the market development program, to enable him to transfer all of this money from the countries I have named to other countries where it might be used.

Mr. BEERMANN. Let me see if we have it straight. This is just too much money.

Mr. JOHNSON of Wisconsin. The money is to go for market development—that is what it says. They think that 5 percent is too much and now they want to give it back to the Treasury.

Mr. MINOR. That is correct for some countries.

Mr. GRANT. That is correct.

Mr. STUBBLEFIELD. The alternative would be that the money would just be frozen there.

Mr. MINOR. That is correct. The alternative would be that it would be frozen. And in certain of these countries I have indicated it would just pile up in millions that would be there that we would not be using and nobody else could use.

Mr. JONES of Missouri. Mr. Harvey?

Mr. HARVEY of Indiana. Are there any of these countries in which these funds in question are located where the convertibility into dollars would be a problem?

Mr. MINOR. Most of these funds are in countries where conversion is a problem, except where it is required by the act. There is a provision in this same section of the act which says that each country has to agree to convert 2 percent to such currencies as we request.

We are using that to the fullest extent.

Mr. HARVEY of Indiana. In other words, assuming that this would be enacted and you undertook to revert to the Treasury, we will say, \$15 million from X country, and the currency of this particular country was nonconvertible into dollars that the Treasury could use for the general maintenance of the Government, then even after you reverted it to the Treasury the only thing that the Treasury could do then with it would be to keep it in the currency of the particular country and spend it there, is that not correct?

Mr. MINOR. That is correct.

Mr. HARVEY of Indiana. I want to make rather clear, that this actually never gets back into the Treasury as dollars in most cases.

Mr. MINOR. No, it gets back to the Treasury in terms of the currency until such time as it is usable by the United States. Then it is bought with appropriated dollars and the dollars come back. So far as this is concerned you are right—it stays in the country.

Mr. HARVEY of Indiana. Thank you.

Mr. JONES of Missouri. If there are no further questions let us move on to No. 7. We will have difficulty getting through with the bill, so make your explanation of No. 7 as brief as you can.

Mr. GRANT. Mr. Robert Hill, Assistant to the Director of Personnel, will discuss No. 7.

Mr. HILL. Mr. Chairman and members of the committee, the purpose of section 7 is quite simple. It would enable the scientific, professional, and technical employees who are assigned to work with the States under the act of August 2, 1956, to retain their coverage under the Health Benefits Act for a period up to a maximum of 2 years. At present they retain their Federal retirement benefits, life insurance, employee compensation, and other fringe benefits for as much as 2 years, but because of the wording of the Health Benefits Act which was passed in 1959 they lose coverage under that act, at the end of 1 year. The purpose of this section 7 is simply to enable them to keep their health benefits, along with their other fringe benefits for the maximum period of assignment to a State, which is 2 years.

Mr. JONES of Missouri. This would permit them to make payments into the fund?

Mr. HILL. That is correct.

Mr. JONES of Missouri. Do I understand by this that there would be no added cost to the Government because of this?

Mr. HILL. That is correct.

Mr. JONES of Missouri. There would be no added cost to the Government—this is extending to the employee the right to make the payments, although he might be transferred and working in the State, is that correct?

Mr. HILL. That is correct. They retain their life insurance benefits now that way.

Mr. JONES of Missouri. And they make the payments?

Mr. HILL. Yes. The State would pay the employer's share. If they went on the State's payroll the State would contribute the Federal Government's share.

Mr. JONES of Missouri. Do you have any questions, Mr. Heimbarger?

Mr. HEIMBURGER. No.

Mr. JONES of Missouri. Does any member of the committee have any questions?

If not, proceed to No. 8.

Mr. GRANT. Section 8, Mr. Chairman, would authorize the Department to make advances to the central working capital fund. This working capital fund was established in 1943 to provide the means whereby the Secretary could establish, with the approval of the Budget Bureau, certain centralized services on a reimbursable basis. These services consist of such things as central supply, duplicating and tabulating services, central switchboard and central photographic and exhibit services. We also have a centralized payroll data processing service.

This fund was established initially with a capital of \$400,000. This was felt to be adequate to turn this money over in the fund about once every 3 years. With the growing cost of services and expenses over the years and as some additional services were added, with the approval of the Budget Bureau, the capitalization of the fund is not large enough at the present time to enable us to operate it efficiently.

There are two alternative approaches to this. One is to get an appropriation to increase the capitalization of the fund. The other which we think would be better, is to authorize advances to the fund from the various appropriations and activities of the department that receive these services.

Now I want to make it clear that the advances would only be on the basis of firm orders for work to be done during the current fiscal year and that the amount charged to the agencies and the various appropriations would be adjusted to the actual cost. So the effect is exactly the same as it is now, except that we would not run short of working capital needed at any particular time to meet current expenses.

The costs would be distributed and charged in accordance with generally accepted accounting principles. They are audited not only by the Department but by the General Accounting Office. This would give us an opportunity to make more effective and economical use of the centralized service.

We now have authority to make advances to the working capital fund of the Forest Service, but at the time this fund was established, in 1943, we did not request this authority.

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Other departments, such as the Department of Labor and the Department of Health, Education, and Welfare, also have this type of authority.

Mr. JOHNSON of Wisconsin. Is it not like this, for instance, you think that you are going to have about \$200,000 worth of work done in a period so you have the funds ahead of time for the work to be done?

Mr. GRANT. That is correct. And if it proved to be only \$150,000 there would be a refund of \$50,000. And if it were a little more, an advance would be made for the additional amount.

Mr. JONES of Missouri. In other words, this is merely a bookkeeping change that you are asking for and it does not involve any additional appropriations of funds, nor additional costs in the overall Department of Agriculture?

Mr. GRANT. That is exactly right, sir.

Mr. JONES of Missouri. Are there any other questions?

If not, let us proceed to section 9.

Mr. GRANT. Section 9 would authorize the Department to make appropriate adjustments between funds available to any agency of the Department.

I think I can explain this one by using an illustration, if I may. The Soil Conservation Service, as an example, has a cartographic laboratory for making soil maps for various programs. At the present time we have to finance this cartographic laboratory out of all of the SCS appropriations; that is the conservation operations appropriation, the watershed protection appropriation, the flood prevention appropriation, and the Great Plains appropriation. Some years ago we used to pay the initial cost of the operations out of one appropriation, and then reimburse it from the other accounts serviced, such as the watershed protection appropriation. However, the Comptroller General has ruled that this procedure was not authorized, in an opinion, B-136318, dated April 18, 1959. The Comptroller General stated that the intrabureau procedures, involving the performance of activities on a reimbursable basis within a single bureau operating within its own funds for and on account of itself, does not fall within the purview of section 601 of the Economy Act.

So now we have to try to allocate these costs in advance. It would be much more efficient if we could pay them from one account and then adjust the charges at the end of the accounting period. Again, this is just an authorization to make accounting adjustments in a more efficient way.

This decision was written to the Bureau of the Census and the Department of Commerce, and as a result of this we had to change our procedures. Last year the Congress enacted legislation giving the Bureau of the Census the authority we are now proposing for the Department of Agriculture. This was Public Law 87-489. There are other activities in the Department of Agriculture where this authority would be helpful, such as in connection with the soil testing services and soil mechanics laboratory and in the Forest Service programs where the Government eating facilities or messes are provided from several appropriations within the forest services. For instance, if they have a Government mess serving two working crews, one working on roads and the other working on forest control activities, this

authority is needed to make it possible to pay all of the costs initially out of one appropriation and adjust the charges later.

Mr. JONES of Missouri. In other words, the Bureau of the Budget has no objection to it. And this would be approved by the General Accounting Office?

Mr. GRANT. Yes, sir, this particular draft of legislation was referred to the General Accounting Office, as a matter of fact, by the Bureau of the Budget before it was approved, and some modifications were made to conform to the recommendations of the General Accounting Office.

Mr. JONES of Missouri. Again, this is merely a change in your method of accounting and operation and does not involve any additional costs to the Department?

Mr. GRANT. That is correct—none whatsoever.

Mr. DOLE. You went into several examples or activities of other costs. I do not want to go into this very far. Do you have a list of what you have in mind by other financing activities or other costs—just what is contemplated by this?

Mr. GRANT. I have several items here. I could prepare a more complete list for the record, if you would like.

(The information follows:)

Examples of agency services now performed which would benefit from intraagency reimbursement authority

<i>Agency</i>	<i>Services performed within agencies</i>
Agricultural Research Service-----	Administrative services for activities financed from more than one appropriation.
Soil Conservation Service-----	Services provided by the 6 cartographic laboratories in furnishing maps and mosaics to the watershed protection program, the flood prevention program, and the Great Plains conservation program. Specialized engineering and equipment services. Soil testing services now furnished by the Soil Mechanics Laboratory at Lincoln, Nebr., for all Soil Conservation Service programs.
Forest Service-----	Most activities which would benefit are within the national forest regions. The financing of the following operations would benefit from enactment of sec. 9: (1) The furnishing of meals at subsistence camps to employees whose activities are financed from more than one fund. (2) Specialized engineering services at field stations. (3) The purchase of major items, maintenance supplies, office and administrative supplies, etc., for use by programs financed from various appropriations. (4) The detail of employees paid from one appropriation to programs financed from other appropriations. (5) Office space and clerical help shared by programs financed from different appropriations. (6) The transfer of materials which become excessive for a project under one appropriation to projects financed from other appropriations. (7) The use of forest roads and trails employees for fire standby duty.

Mr. DOLE. This is quite open—there is no limitation at all. I see no limitation.

Mr. GRANT. These types of activities do change from time to time. It is partly due to the type of organization and the kind of appropriation structure we have. I mentioned the cartographic laboratory. This authority is also needed to facilitate aerial photographic activities in connection with aerial photographing for carrying on the agricultural conservation program and other programs.

Mr. DOLE. If you would make a list of those available, I would appreciate it.

Mr. GRANT. Yes.

Mr. DOLE. When you referred to the Government mess, that is the eating service, is it not?

Mr. GRANT. In the case of the Forest Service they have camps back in the mountains. They may have crews working on roads and also crews working on other projects in the vicinity. There are no other places for the employees to eat, and under the terms of their employment they have to pay a certain amount for eating in the Government facility.

Mr. DOLE. Thank you.

Mr. BEERMANN. You said no additional funds would be required.

Mr. GRANT. That is right.

Mr. BEERMANN. What agencies do you borrow from to pay for a referendum?

Mr. GRANT. To pay for what?

Mr. BEERMANN. For the cost of a referendum. Are there sufficient funds in the Department of Agriculture, in a particular agency, to pay the cost involved in a referendum?

Mr. GRANT. Yes, if there was a referendum being held. This provision does not have anything to do with a referendum. We are talking here about a common service type of activity conducted entirely within a particular bureau or office. If an agency has three appropriations and there is a common activity, again using the cartographic laboratory example, a mapmaking facility, which services all three of these appropriations, it is obviously more efficient to have one appropriation pay the initial cost rather than three. We would finance the entire initial cost of making these maps from just one of the appropriations and then bill the others for their share, based on sound accounting practices and principles and subject to audit and verification. Then we would reimburse the initial appropriation. So that in the final analysis, each of the three appropriations carries its fair share of the cost of this facility.

As it is at the present time, we in effect have to predetermine what the cost to each appropriation will be. This is a rather difficult thing to do, to distribute the cost of this central facility in advance by taking part out of one appropriation, part out of another and part out of a third.

Mr. BEERMANN. Thank you.

Mr. JONES of Missouri. If there are no further questions, let us proceed to section 10.

We have just two more sections, and I think that we might finish those up.

Mr. GRANT. I will be very brief, Mr. Chairman.

Section 10 would authorize the Department to make transfers of funds from one appropriation in an agency of the Department to another appropriation in another Department of Agriculture agency, in an amount not to exceed 7 percent of the appropriation, to meet unusual and unforeseeable situations which arise from time to time. Since 1910 the Department has had this kind of authority, except that it has been limited to transfers between appropriations within the same bureau or agency. For instance, at the present time, the Department of Agriculture Organic Act of 1944 authorizes us to transfer funds from the plant and animal disease and pest control appropriation in the Agricultural Research Service to the meat inspection appropriation in Agricultural Research Service.

If some emergency came up during the year where we needed to transfer funds for this purpose, we are limited to 7 percent of the appropriation except in the case of an extraordinary emergency.

We have had a few instances arise where the extension of this authority to shift the funds, not to exceed 7 percent, from one bureau of the Department to another, would be very helpful. It would reduce the number of instances where we have to request supplemental appropriations for emergency situations.

For instance, just this past year when Congress enacted legislation for pay increases for Federal employees, it was necessary for us to submit supplemental estimates. We did have a few instances where, for various reasons, funds were available in an agency that were not needed, and we could have transferred them to another agency to meet these additional costs.

We actually had to submit proposals to the Congress for this purpose since we do not have authority to transfer between agencies.

During our discussions with staff members of the Appropriations Committee, they said, "Can you not do this under your 7-percent authority?" I said, "No, because it is limited to shifts within the same Bureau."

This type of authority would be helpful in reducing the number of instances we would have to request supplemental appropriations. It would still be limited to 7 percent, just as it is at the present time. It would be used only in exceptional circumstances or situations which arise late in the fiscal year that cannot be foreseen.

Another example of when it would have been helpful was last year, when, due to the delay in the enactment of the appropriation bills late in June, we had forest pest control programs that were underway and we were about to run out of money.

Actually we made some program adjustments and were able to get by in this instance, but if we had had this authority, we could have solved the problem much easier within available funds. We would continue to advise the Appropriations Committees just as we do now of any adjustments made at the time they are made.

Mr. BEERMANN. The appropriations bill calls for an increase of about \$195 million for the Commodity Credit Corporation. They could borrow 7 percent from some of the other agencies to obtain this money for the Commodity Credit Corporation, could they not—would this enable them to do this?

Mr. GRANT. No. I should point out that the existing authority in the Department's organic act is limited to funds for general operating

purposes. The example that you are talking about, in the Commodity Credit Corporation, had to do with the restoration of capital impairment to provide funds for the operation of the Corporation. This provision would not apply to that situation, but only to operating expenses within the Department.

Mr. JONES of Missouri. Are there any other questions?

Mr. DOLE. What agencies are we talking about within the Department.

Mr. GRANT. All agencies of the Department.

Mr. DOLE. Can you name them?

Mr. GRANT. They include the Agricultural Research Service, the Soil Conservation Service, the Agricultural Marketing Service, the Federal Crop Insurance Corporation, the Rural Electrification Administration, the Farmers Home Administration.

Mr. DOLE. And the ASCS?

Mr. GRANT. The ASCS, but limited to funds for operating expenses, not program funds. Also the Economic Research Service, the Statistical Reporting Service, the Extension Service, the Forest Service, the Foreign Agricultural Service, and several smaller agencies and offices.

Mr. DOLE. I cannot see any reason for this. I have heard your explanation. I cannot see any basis for transferring funds from one agency to another. Has it not worked satisfactorily in the past the way you have had it?

Mr. GRANT. It has worked satisfactorily but we are limited to transfers between appropriations within the same agency.

Mr. DOLE. That is right.

Mr. GRANT. This would broaden the authority to transfer between agencies where unforeseeable situations and emergency-type situations arose, where the only alternative would be to submit a supplemental estimate to the Congress.

Mr. DOLE. This would take away from the Congress the review it now has in supplemental appropriations that are submitted. There might be a lot of transfers going on that the Congress might not approve if they knew about it—if it came before them.

Mr. GRANT. I want to emphasize, Mr. Dole, that this authority is used only for emergency and nonforeseeable circumstances. Under the 7-percent authority we now have as to transfers, some years there are not any at all, some years there is one, occasionally there are two. I do not visualize instances which would create or make it necessary to make many additional transfers, or would increase it by more than one or two instances in a particular year.

Mr. DOLE. Does this say that it is limited to emergencies?

Mr. GRANT. The basic law states that "No more than 7 percent shall be added to any one item of appropriation except in cases of extraordinary emergency."

Mr. DOLE. Who decides that it is an emergency?

Mr. GRANT. This is authority that is vested in the Secretary. Again I want to emphasize that we have an understanding with the Appropriations Committees that we will not make any of these transfers without their knowledge. At the time we propose to make a transfer we write the committees a letter.

Mr. DOLE. Is there any precedent for this in any other department?

Mr. GRANT. Yes. There are some departments which have some transfer authority. Some have 5 percent.

Mr. DOLE. What department?

Mr. GRANT. The Department of Defense, I believe, has 5 percent authority. I would like to put a statement in the record.

(The information follows:)

Federal agencies possessing an appropriation interchange authority (in addition to the Department of Agriculture)

Agency	Type of authority	Legal authority
Department of the Interior.....	Any appropriation within a bureau or office may be transferred by the Secretary of the Interior for emergency fire-fighting purposes and for repair, replacement, and reconstruction of equipment and facilities damaged by disaster provided all emergency funds have already been expended.	Department of the Interior and Related Agencies Appropriation Act, 1963; Public Works Appropriation Act, 1963.
Department of Defense.....	Authority exists for transfer of \$150,000,000 from the "Emergency fund, Defense," to appropriations for military functions available for research, development, test, and evaluation, or procurement or production related thereto; authority exists, also, for transfer of \$150,000,000 from any appropriation to the Department of Defense to any other up to 7 percent of the receiving appropriation; an additional \$200,000,000 may be transferred to increase the readiness of the Armed Forces in the interest of national defense.	Department of Defense Appropriation Act, 1963.
Post Office Department.....	Up to 5 percent of any appropriation available to the Department may be transferred to any other, except that the appropriation "Administrative and regional operation" may not be increased by more than \$1,000,000.	Treasury, Post Office, and Executive Office Appropriation Act, 1964.
Atomic Energy Commission.....	Up to 5 percent may be transferred between the appropriations for "Operating expenses" and "Plant and capital equipment," provided that neither may be increased by more than 5 percent.	Public Works Appropriation Act, 1963.
General Services Administration.	Up to 2 percent of any appropriation available to the General Services Administration may be transferred to any other, provided that the transfers apply only to operating expenses, do not exceed \$2,000,000, nor increase any appropriation by more than 2 percent.	Independent Offices Appropriation Act, 1963.
National Aeronautics and Space Administration.	Up to 5 percent of any appropriation available to the National Aeronautics and Space Administration may be transferred to any other such appropriation.	Do.
Veterans' Administration.....	Up to 5 percent of any appropriation for "Compensation and pensions," "Readjustment benefits," and "Veterans insurance and indemnities" may be transferred to any of the others mentioned; not to exceed 10 percent of any appropriation mentioned may be augmented, however.	Do.

Mr. DOLE. Would you say that up to now it has not presented any difficulty?

Mr. GRANT. This would simply enable us to operate a little more efficiently when on rare occasions a situation arises when otherwise we would have to submit a supplemental estimate to the Congress.

Mr. DOLE. We have many complications in Congress, and this might present a further complication.

Mr. STUBBLEFIELD. Does the Appropriations Committee have authority to approve or disapprove these transfers?

Mr. GRANT. I am sure that they have the authority because they have authority to write provisions into the appropriation act which would restrict our ability to make transfers. But if your question is, do we submit each item to them in advance and get them to take action on it, no, we do not. But they are informed of it by letter from the Secretary.

Mr. STUBBLEFIELD. What could they do?

Mr. GRANT. I am quite sure that if the chairman of the committee wrote us a letter or even called us on the phone and said "I did not think that you ought to make this transfer," it would not be made. I am quite sure that is true.

Mr. BEERMANN. When you come up for appropriations next year, no doubt, the amount that was appropriated would show for the previous year and what the request was—it would show right there that the funds had been transferred, would it not?

Mr. GRANT. Quite likely, sir.

Mr. BEERMANN. If you had the research program in one area and you came up next year with a special program on something, you might want to take some funds from other funds to supplement it, that would show on the report?

Mr. GRANT. Yes, sir.

Mr. BEERMANN. So that would show.

Mr. GRANT. We would do two things. We would notify the Appropriations Committees by letter, both the House and the Senate, and they would have the opportunity to talk to us about it. It is reflected in the next budget and information concerning it is available to the committee in that way. We discussed with the committee the extent to which the authority is used. It is used only in very rare instances.

Mr. JONES of Missouri. We have now come to the last section, section 11, that you want to repeal. Will you give us an explanation of that?

Mr. GRANT. Section 11 will be presented by Mr. Carl Miller, of the Agricultural Marketing Service.

Mr. JONES of Missouri. We will be glad to hear from you

Mr. MILLER. I shall be very brief.

The Department in 1957 decided to ask for the repeal of this section. It has been presented to every succeeding Congress. This subcommittee reviewed it briefly in 1960.

The situation is unchanged at the present time. The reason for asking for the repeal is set forth in the justification statement. I am sure that you do not care to have me read this.

Mr. JONES of Missouri. What does it actually do?

Mr. MILLER. It is a law relating to warehouse receipts on agricultural products. Very briefly it provides that under certain circumstances a country warehouse may ship grain while its warehouse receipts remain outstanding. This was to be done under regulations to be issued by the Secretary of Agriculture to safeguard the transaction, the big danger being that in any transaction you might wind up with

two receipts out on the same grain. This, of course, is a very dangerous thing. For reasons which I am not familiar with these regulations have never been promulgated.

The Department believes that the subject matter is adequately treated in both Federal and State legislation on the very same subject, the subject of warehouse receipts, and that proliferation of regulations by superimposing this on top of the existing regulations would be quite expensive, quite confusing to the trade, and not justified on the basis of any history that we know anything about, Mr. Chairman.

Mr. JONES of Missouri. Mr. Dole, you have had considerable experience with grain, are you satisfied? You have been involved in it.

Mr. DOLE. I think I understand the question. I think this may be taken care of in the uniform storage agreement and then by State law requiring bonding and the like?

Mr. MILLER. That is correct.

Mr. BEERMANN. Would this override any State regulations?

Mr. MILLER. The repeal?

Mr. BEERMANN. Yes.

Mr. MILLER. The section itself, certainly, does override a great deal of State legislation.

Mr. BEERMANN. That is what I wanted to know.

Mr. MILLER. That is correct.

Mr. BEERMANN. I wanted to clear that up. This would help clarify it?

Mr. MILLER. Yes.

Mr. DOLE. In reference to a previous statement, I was involved as the attorney for farmers in connection with some grain matters.

Mr. JONES of Missouri. If there are no further questions, and since we have a quorum call, the subcommittee will stand adjourned subject to the call of the Chair.

(Whereupon, at 12:15 p.m., the subcommittee was in recess, to reconvene subject to the call of the Chair.)

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