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CONTRACTING OF CONSERVATION RESERVE CON-
TRACTS EXPIRING IN 1963 AND 1964

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

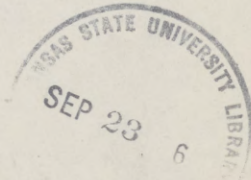
ON

H.R. 6491 and H.R. 7154

JUNE 24 AND 25, 1963

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RECONSTRUCTING OF CONSERVATION RESERVE COM
TRACTS EXPIRING IN 1963 AND 1964

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HEARINGS
IN THE
COMMITTEE OF AGRICULTURE

COMMITTEE ON AGRICULTURE

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RECONTRACTING OF CONSERVATION RESERVE CONTRACTS EXPIRING IN 1963 AND 1964

MONDAY, JUNE 24, 1963

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

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

Present: Representatives Cooley (chairman), Grant, Gathings, Abernethy, Jones of Missouri, Hagen of California, Johnson of Wisconsin, Matthews, Stubblefield, Harding, Hagan of Georgia, Purcell, Duncan, Olson, Leggett, Matsunaga, Hoeven, Belcher, McIntire, Teague of California, Quie, Short, Mrs. May, Harvey of Indiana, Dole, Beermann, and Hutchinson.

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

The CHAIRMAN. The committee will be in order, please.

I would like to make a brief statement before we start the hearings.

Under date of May 16, 1963, a communication was sent by the Under Secretary, Mr. Murphy, to Speaker McCormack, who then, in turn, sent it on to me regarding a proposed bill which I then introduced on May 23, 1963. I realized that that bill was slightly controversial, and after discussing it with interested people and with Secretary Freeman, I introduced H.R. 7154, which I hope will not be controversial. Mr. Godfrey of the Department is here this morning, and I would like Mr. Godfrey to comment on H.R. 7154, and to give us the situation at the moment. I am sure you can explain to the committee just what will happen if this legislation is not enacted.

We will be glad to hear from you now.

(H.R. 6491 and H.R. 7154, together with the letter dated May 16, 1963, follow:)

[H.R. 6491, 88th Cong., 1st sess.]

A BILL To remove the \$10,000,000 limitation on programs carried out under section 16(e) (7) of the Soil Conservation and Domestic Allotment Act for 1964 and subsequent calendar years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16(e) (7) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out "any calendar year" from the last sentence thereof and substituting "the calendar year 1963", and by adding at the end thereof the following: "For 1964 and subsequent calendar years, the Secretary is authorized to enter into agreements hereunder in advance of an appropriation therefor, under which obligations would be incurred to make payments, furnish materials and services, and other assistance, not in excess of amounts specified from time to time in appropriation Acts."

[H.R. 7154, 88th Cong., 1st sess.]

A BILL To provide for recontracting of conservation reserve contracts which expire in 1964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16(e) of the Soil Conservation and Domestic Allotment Act, as added by section 101 of the Food and Agriculture Act of 1962, is amended by striking out the period at the end of paragraph (7) thereof and inserting a colon and the following: "*Provided further*, That for the calendar year 1964, the Secretary may, without regard to the foregoing limitation, enter into agreements hereunder with respect to an acreage of land equal to the acreage with respect to which conservation reserve contracts expire on or before December 31, 1964."

U.S. DEPARTMENT OF AGRICULTURE,

May 16, 1963.

Hon. JOHN W. McCORMACK,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Attached, for the consideration of the Congress, is a draft bill entitled "To remove the \$10 million limitation on programs carried out under section 16(e) (7) of the Soil Conservation and Domestic Allotment Act for 1964 and subsequent years."

We urge prompt action by the Congress to eliminate the limitation.

As of December 31, 1963, approximately 7.4 million acres of cropland will be released from conservation reserve program contracts entered into under the Soil Bank Act of 1956. This land then will be available for crop use and farmers who had contracts no longer will be restricted from increasing the acreage of small grains and row crops on soil bank land and on other land on their farms. The return of this land to crops will add substantially to the problem of supply adjustments through our commodity programs. To shift this land to use for pasture, forest trees, wildlife, or recreation under section 16 (e) (7) will be less expensive than to deal with it through commodity programs and will be a better use of our agricultural resources.

Farmers with expiring conservation reserve contracts need to know now whether they can retain their land in noncrop use under land-use programs of the Department. Farming plans and rental arrangements must be made well in advance of the cropping season. Much of the land is in States where summer fallowing is necessary in preparation for the next year's crop, and farmers soon must plow the land if it is to be used for crops in 1964.

The pilot land-use adjustment program provided for within the \$10 million in section 16(e) (7) has progressed to the point where a nationwide program can be undertaken. The proposed amendment will permit the appropriation of funds for a nationwide program. A substantial acreage of cropland other than that now under conservation reserve program contracts should be shifted to conserving uses through programs authorized by section 16(e) (7) as a part of the broad land-use adjustment effort of the Department. However, a full evaluation of the expanded program for 1964 will be made before decisions are reached as to its extension to conservation reserve and other lands in future years.

The expanded program contemplated by this proposed amendment will be a valuable supplement to the commodity programs, but cannot be considered a substitute for them.

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,

CHARLES S. MURPHY,
Under Secretary.

A BILL To remove the \$10,000,000 limitation on programs carried out under Section 16(a) (7) of the Soil Conservation and Domestic Allotment Act for 1964 and subsequent calendar years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16(e) (7) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out "any calendar year" from the last sentence thereof and substituting "the calendar

year 1963", and by adding at the end thereof the following: "For 1964 and subsequent calendar years, the Secretary is authorized to enter into agreements hereunder in advance of an appropriation therefor, under which obligations would be incurred to make payments, furnish materials and services, and other assistance, not in excess of amounts specified from time to time in appropriation acts."

STATEMENT OF HORACE D. GODFREY, ADMINISTRATOR, ACCOMPANIED BY JOHN BAGWELL, GENERAL COUNSEL, CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR, FRED RITCHIE, POLICY STAFF, ASCS, M. L. UPCHURCH, STAFF ECONOMIST, ERNEST GAMBELL, STAFF, ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. GODFREY. Mr. Chairman and members of the committee, I would first like to present some colleagues I have with me. You know most of them.

Mr. John Bagwell, our General Counsel; Mr. Upchurch from our Economic Division; Mr. Ritchie from our policy staff, ASCS; and Mr. Charles M. Cox, Assistant Deputy Administrator.

And then we had a meeting scheduled here today at which some of our State representatives are in attendance, so I asked them to come and sit with us this morning, since they are vitally interested in this.

Starting on my extreme left is Mr. Rufus Adams, of Georgia; Mr. Gilbert Egbert, of Kansas; Mr. Bill Marshall, of Missouri; Mr. Harold Blume, of North Dakota; Mr. Larry Chatto, of Maine; and also Mr. Ernest Gambell, of our staff.

The CHAIRMAN. We are glad to have all of you gentlemen with us this morning.

Mr. GODFREY. These men from the States will be in a position to answer any detailed questions about our program if necessary, but I think that I can handle most of them. If you want to call on them, they will be in a position to answer.

Thank you for the opportunity to appear before this committee. I am here to urge your quick action on the proposed amendment to the Soil Conservation and Domestic Allotment Act which will prevent a substantial amount of land from going back into new crop production next year. This committee last year expressed a deep concern that other uses than crop production be found for land on which conservation reserve contracts expire in 1963.

We expect nearly 7.4 million acres of cropland will be released from these contracts in 1963. About half of these acres were in feed grains and about 1 in 10 were in wheat at the time they were placed under contract. These acres will become available for crop production at a time when we already have in crops more acres than are required to fill our needs.

Last year, when we knew that approximately 1.4 million acres of land would be coming out from under conservation reserve, the Congress authorized a 1-year extension of the contracts on these acres. The response of landowners to this action has fallen short of the objectives of this committee. Only about half of the land has remained under contract. There are many reasons for this, but the most important factor is simply that farmers were concerned as to what actions

the Congress would take next year—and farmers wanted to know what long-range alternatives were available.

This is why the Department is proposing that enough acreage be included in the current cropland conversion program to offset the 7.4 million acres of land on which the conservation reserve contracts are expiring this year. Under this proposal, agreements could be entered into through 1964. We believe this proposal will effectively meet the concern of the Congress and also the needs of the farmer to know what long-range alternatives are available since conversion contracts will run from 5 to 10 years.

Further, this proposal will enable farmers to convert their land to other income producing uses, rather than continue to idle it as they must do under the conservation reserve program. The cropland conversion program will move the land into more needed uses and will produce income for the farmer while at the same time it conserves soil and water resources.

We have gained some valuable experience this year under the pilot cropland conversion projects which the Congress authorized last year. We expect to move about 140,000 acres of cropland into other uses at very modest costs, and we urge that this same technique be used in the proposed program.

Based on our experiences, we estimate for the 5- to 10-year agreement period of the conversion, the cost to the Government will be approximately \$45 an acre, or between \$5 and \$7 an acre per year. Considered against the annual \$14 per acre cost of the conservation reserve program, the cropland conversion proposal has the decided advantage.

Time is of the essence if we are to intercept the conservation reserve lands before they return to production. The contracts permit a farmer to plow his land in the summer of 1963 in preparation for 1964 crops. With no assurance that a program will be available next year, most farmers are already being impelled to make decisions that may return the conservation reserve acres to crops for years to come. Once the protective cover established on the land under the conservation reserve program is destroyed, both the difficulty and the cost of returning it to noncrop use is greatly increased.

Further experience with the cropland conversion program will undoubtedly make it possible to improve the program, but we already know, on the basis of the pilot projects, that this program gives better results at a lower cost than merely extending the existing type of conservation reserve contracts.

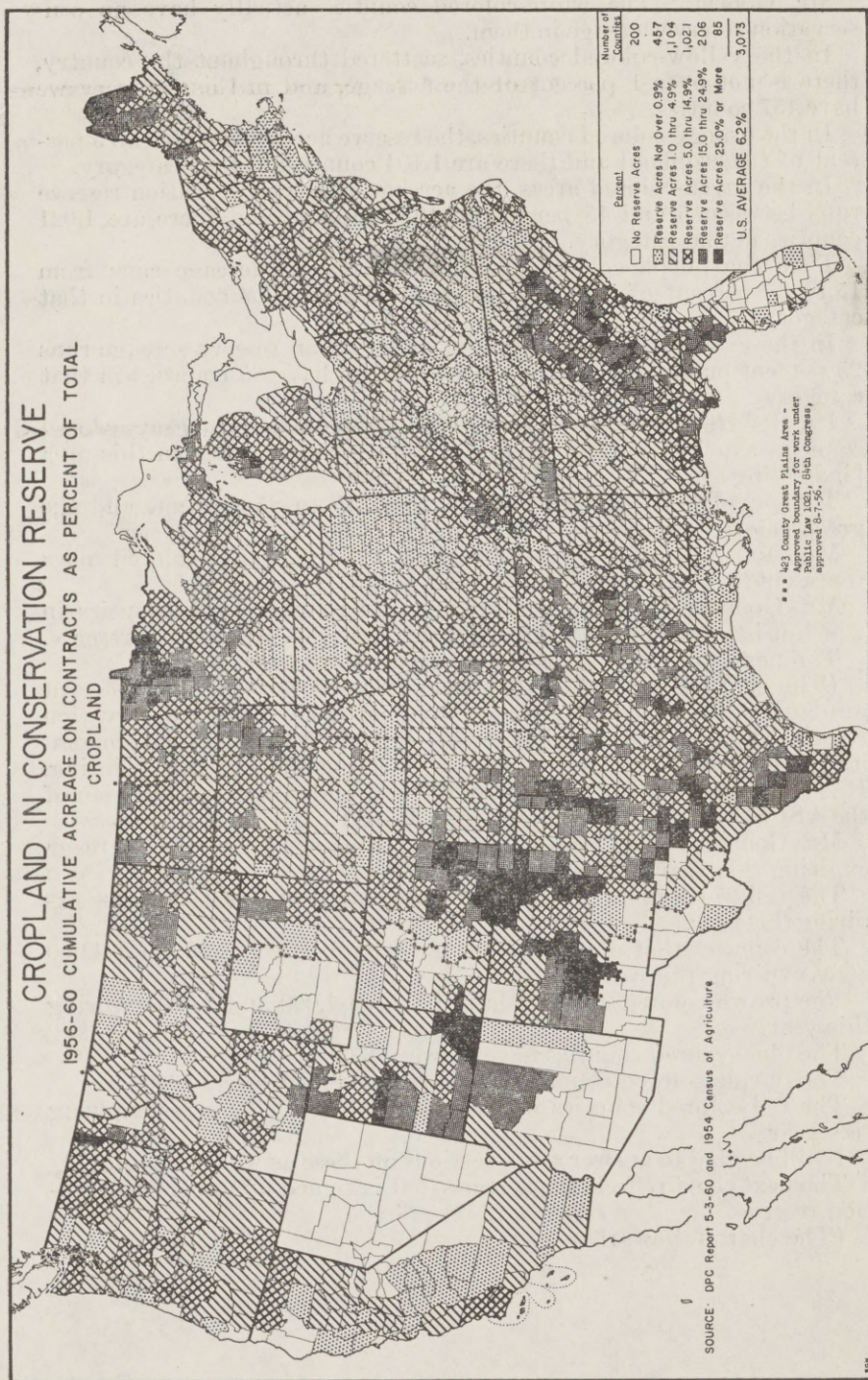
I urge your favorable action on the proposed amendment.

Now, Mr. Chairman, I have a few charts that will illustrate what I have said a little better than I have said it, and with your permission I would like to show the charts now.

The CHAIRMAN. You may proceed.

Mr. GODFREY. The first chart that I would like to show illustrates the acreage under conservation reserve contracts.

(The chart follows:)



Mr. GODFREY. The white-colored counties actually have no conservation reserve acreage in them.

In the yellow-colored counties, scattered throughout the country, there is not over 1 percent of the acreage, and in this category we have 457 counties.

In the orange-colored counties, the reserve acreage equals 1 to 5 percent of the cropland and there are 1,104 counties in that category.

In the green-colored areas, the acreage in the conservation reserve runs between 5 and 15 percent of the cropland and there are 1,021 counties in that category.

Then the purple-colored counties, the reserve acreage runs from 15 to 25 percent of the cropland and there are 206 counties in that category.

In the gray-colored counties, the conservation reserve acreage runs 25 percent or more of the cropland, and we have 85 counties in that category.

I will shift this around a little bit and repeat it. The gray-colored counties show 25 percent or more and are concentrated in this area [indicating].

The purple-colored counties are from 15 to 25 percent, and the green-colored counties are from 5 to 15 percent.

Mr. JOHNSON of Wisconsin. What do the orange-colored ones represent?

Mr. GODFREY. The orange-colored ones represent the counties in which it is 1 to 5 percent of the land that is in the conservation reserve.

The next one we have here may be a little easier to see.

(The chart submitted at this point had several colors of different gradations representing acreages coming from under conservation reserve contracts at the end of 1963. This chart could not be economically reproduced and therefore was not included in this printing. It is the property of the Programs, Policy, and Appraisal Division of the ASCS, U.S. Department of Agriculture.)

Mr. GODFREY. This map shows the counties with reserve acreage expiring this year, December 31, 1963.

The yellow-colored counties have between 1,000 and 2,000 acres expiring this year.

The counties that are colored green have between 2,000 and 4,000 acres expiring this year.

The brown-colored counties have between 4,000 and 6,000 expiring this year.

The blue-colored counties have between 6,000 and 8,000.

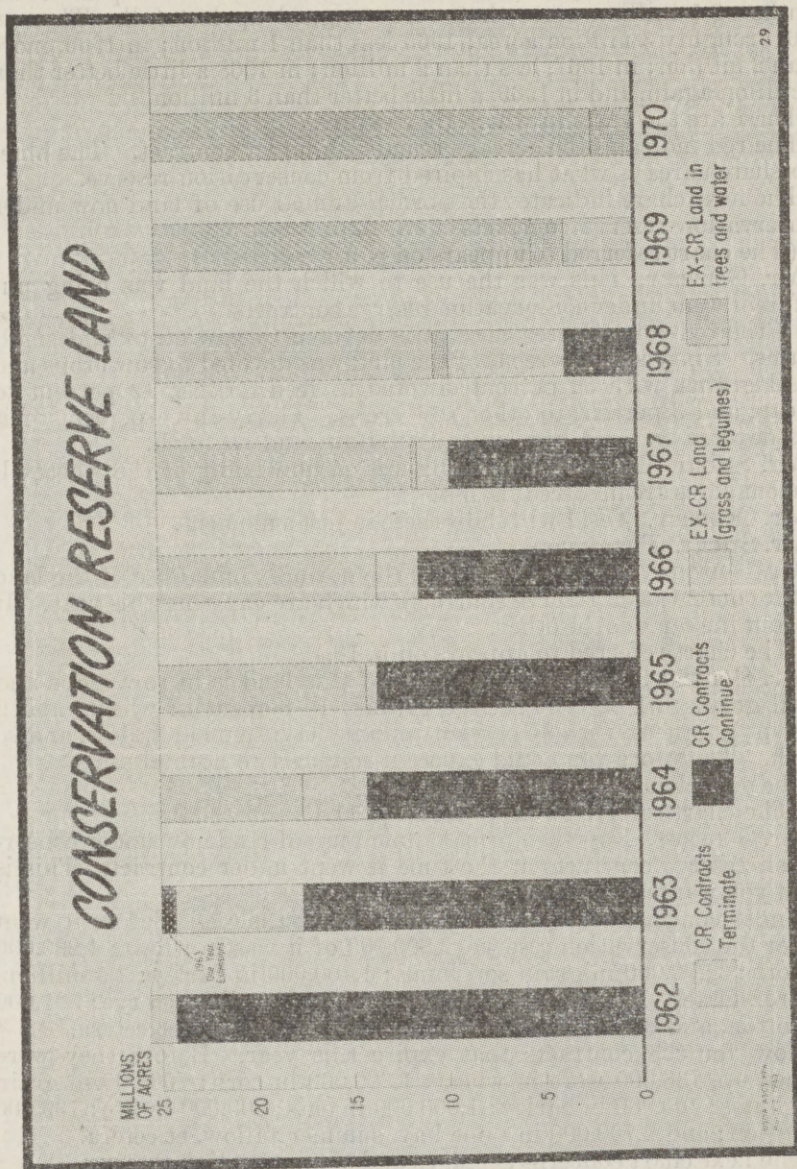
The purple-colored counties have between 8,000 and 10,000.

The red-colored counties indicate more than 10,000 acres expiring this year.

I will be glad to answer any questions on these as we go along.

The next chart reflects the acreage that is signed up under conservation reserve.

(The chart follows:)



Mr. GODFREY. And it also depicts the years that it expires. It is entitled "Conservation Reserve Land."

You will notice here that we have a total of almost 25 million acres and that we have expiring in 1963 about 6.7 million acres plus seven-tenths of 1 million acres that were resigned up last fall. Then in 1964, roughly 3 million acres; 1965 less than 1 million; in 1966, more than 2 million; in 1967, less than 2 million; in 1968 a little better than 6 million again, and in 1969, a little better than 3 million.

These are the years in which they expire.

The red indicates the acreage remaining under contract. The blue-crosshatch area is what has expired from conservation reserve.

The next chart indicates the normal annual use of land now under conservation reserve contracts.

(The chart referred to appears on p. 9.)

Mr. GODFREY. This was the use to which the land was being put before it went under conservation reserve contracts.

In the red-colored area here, it is devoted to row crops and small grains. Sixty-seven percent of the land was devoted to row crops and small grains, with 52 percent devoted to feed grains; 12 percent to wheat; and 3 percent to other row crops. Thirty-three percent of it was devoted to tame hay, summer fallow, and so forth.

Mr. SHORT. Do you have the figures on how many of the wheat allotment acres are involved in this?

Mr. GODFREY. Yes, I will show these in just a moment.

Mr. SHORT. Thank you.

Mr. GODFREY. This chart reflects the normal annual use of the land under conservation reserve contracts which are expiring this year. It is about the same as the other.

(The chart referred to appears on p. 10.)

Mr. GODFREY. Sixty-three percent of this land is in row crops and small grains; 51 percent in feed grains; 10 percent in wheat; and 2 percent in others, with 37 percent in tame hay, summer fallow, and so forth. Therefore you could expect it to revert to normal use.

The next chart.

(The chart referred to appears on p. 11.)

Mr. GODFREY. Now the normal annual use of land now under conservation reserve contracts at the time it went under contract. This is what you wanted to see, Mr. Short.

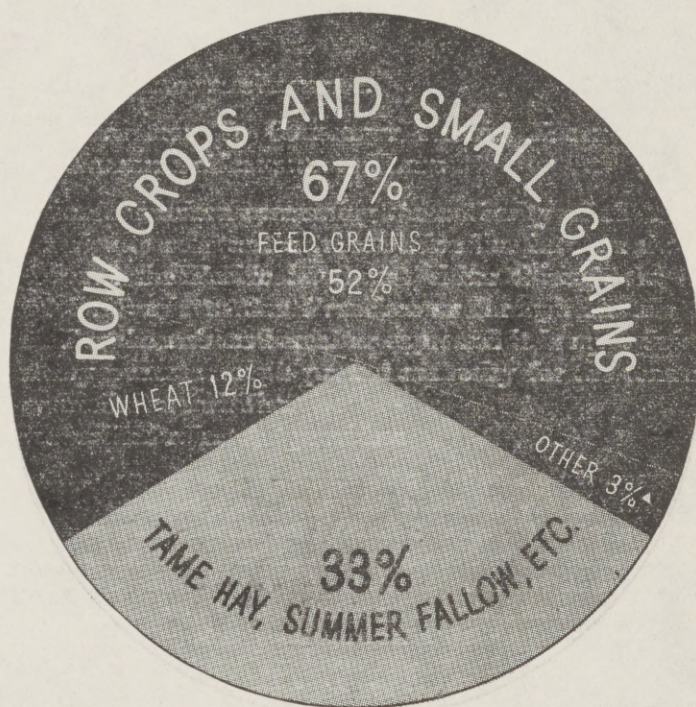
Under contract we have roughly 25 million acres. Before it went under the conservation reserve, 2,800,000 of it was in wheat; 4,200,000 in corn; 3,200,000 in grain sorghums; 1,400,000 in barley; 3.5 million, approximately, in oats; about seven-tenths of a million in rye; 591,000 in cotton, and 8 million in tame hay, summer fallow, et cetera.

Now for the contracts that expire this year. Before they were signed up, 738,000 were in wheat; 1,300,000 in corn; 700,000 in grain sorghums; 400,000 in barley; 1,000,000 in oats; 200,000 in rye; 139,000 in cotton; and 2,700,000 in tame hay, summer fallow, et cetera.

The next chart concerns acreages under conservation reserve.

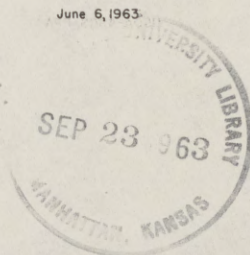
(The chart referred to appears on p. 12.)

***NORMAL ANNUAL USE OF LAND
NOW UNDER CONSERVATION
RESERVE CONTRACTS ****

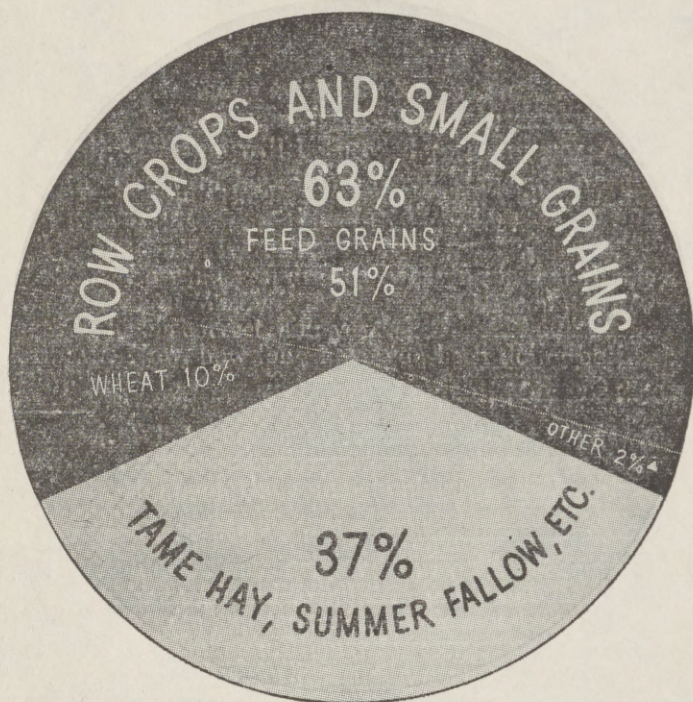


* INCLUDES ACREAGE UNDER LAND-USE ONE-YEAR AGREEMENTS.

▲ POTATOES, COTTON, PEANUTS AND OTHER ROW CROPS.



***NORMAL ANNUAL USE OF LAND
UNDER CONSERVATION RESERVE CONTRACTS
TO BE RELEASED AT END OF 1963****



* INCLUDES ACREAGE UNDER LAND-USE ONE-YEAR AGREEMENTS.

▲ POTATOES, COTTON, PEANUTS AND OTHER ROW CROPS.

NORMAL ANNUAL USE OF LAND NOW UNDER CONSERVATION RESERVE CONTRACTS

Crop	Estimated normal annual use of land	
	Now under contracts*	To be released from contracts end of 1963*
	(1,000 acres)	(1,000 acres)
Wheat _____	2,801	738
Corn _____	4,226	1,361
Grain sorghum _____	3,213	738
Barley _____	1,415	409
Oats _____	3,449	1,043
Rye _____	773	221
Cotton _____	591	139
Peanuts _____	118	18
Potatoes _____	31	8
Tobacco _____	10	3
Rice _____	6	2
Tame hay, summer fallow, etc.	8,324	2,741
TOTAL	24,957.	7,421.

* Includes 701,000 acres under land-use one-year agreements.

▲ Includes 16,633,000 acres of row crops and small grains, of which feed grains make up 13,076,000 acres.

■ Includes 4,680,000 acres of row crops and small grains, of which feed grains make up 3,772,000 acres.

CONSERVATION RESERVE ACREAGE UNDER CONTRACT JANUARY 1, 1963*

State	Acreage Under Contract* (1,000 Acres)	State	Acreage Under Contract* (1,000 Acres)
Alabama	391	Nevada	0
Arizona	2	New Hampshire	11
Arkansas	526	New Jersey	44
California	174	New Mexico	767
Colorado	1,165	New York	443
Connecticut	4	North Carolina	258
Delaware	17	North Dakota	2,411
Florida	214	Ohio	466
Georgia	1,021	Oklahoma	1,274
Idaho	250	Oregon	195
Illinois	410	Pennsylvania	331
Indiana	453	Rhode Island	**
Iowa	554	South Carolina	617
Kansas	1,334	South Dakota	1,591
Kentucky	363	Tennessee	456
Louisiana	210	Texas	2,804
Maine	105	Utah	212
Maryland	70	Vermont	32
Massachusetts	3	Virginia	101
Michigan	629	Washington	305
Minnesota	1,538	West Virginia	55
Mississippi	266	Wisconsin	650
Missouri	738	Wyoming	107
Montana	589	TOTAL 24,957	
Nebraska	800		

* Includes 1963 one-year extensions of 701 thousand acres.

** 500 acres or less.

Mr. GODFREY. Here is the acreage under contract, by States, 24,-957,000. I will point out some of the higher ones:

Texas with 2.8 million; South Dakota with 1.6 million; North Dakota with 2.4 million; Oklahoma with 1.2 million; New Mexico with 767,000; Colorado, 1.1 million; Georgia, 1 million; Kansas, 1.3 million; Minnesota, 1.5 million; Missouri, 700,000.

The next chart illustrates the acreage to be released at the end of this year.

(The chart referred to appears on p. 14.)

Mr. GODFREY. I will not attempt to cover all of these, but merely to point out the large States.

North Dakota, 555,000 acres would be released at the end of this year; Oklahoma, 358,000; South Dakota, 434,000; Texas, 691,000; Minnesota, 587,000; Kansas, 358,000; Iowa, 347,000; Indiana, 258,000; Illinois, 266,000.

The CHAIRMAN. How about North Carolina?

Mr. GODFREY. There will be expiring this year 64,000 acres.

The next chart is on the basis of a survey we conducted among the 13 States and 41 designated counties.

(The chart referred to appears on p. 15.)

Mr. GODFREY. This is some selected data on these counties showing what has happened. As to the land suitability classification, 99 percent of the land that was signed up this year was suited for regular use for row crops or small grains, and 1 percent was not suited for regular use for row crops or small grains. This determination was made by technicians of the SCS. From the land use of one or more of the last 3 years of the land that we signed up this year under the program, 80 percent had been in row crops or small grains and we paid for that at the standard rate.

Now 20 percent of it had been in tame hay, summer fallow, et cetera, during the last 3 years. This is being paid for at a reduced rate.

Under the pilot program, on these land use agreements, what happened to the land that we signed up this year? 96 percent of it was converted to sod; 4 percent of it went to woodland; and less than 1 percent went to wildlife and recreational uses.

The extent of the conversion by number of farms: 17 percent of the farmers signing up went all the way and signed their whole farm; 83 percent of them signed only a portion of their farm.

Mr. Chairman, I would be glad to respond to any questions that you might have.

The CHAIRMAN. I would like to recognize Mr. Heimbürger to make a statement.

Mr. HEIMBURGER. Thank you, Mr. Chairman. I just wanted to explain that the bill, H.R. 7154, which you have in front of you was drafted by me rather hurriedly to meet a House deadline, so that we could have it printed.

Mr. Bagwell of the Department has said that his people down there have suggested a change which we will pass around now.

The purpose of this bill is quite obvious on its face. It is to provide for a 1-year program which will permit the Secretary to offer some kind of a land use contract to the owners of the acres which are coming out of the conservation reserve during the rest of 1963 and 1964. Inadvertently the language which I wrote provided only for

CONSERVATION RESERVE ACREAGE TO BE RELEASED DECEMBER 31, 1963 *

State	Acreage To Be Released* (1,000 Acres)	State	Acreage To Be Released* (1,000 Acres)
Alabama	66	Nevada	0
Arizona	1	New Hampshire	1
Arkansas	177	New Jersey	26
California	89	New Mexico	24
Colorado	154	New York	138
Connecticut	2	North Carolina	64
Delaware	8	North Dakota	555
Florida	12	Ohio	235
Georgia	93	Oklahoma	358
Idaho	90	Oregon	82
Illinois	266	Pennsylvania	143
Indiana	258	Rhode Island	**
Iowa	347	South Carolina	50
Kansas	358	South Dakota	434
Kentucky	166	Tennessee	148
Louisiana	48	Texas	691
Maine	22	Utah	46
Maryland	40	Vermont	4
Massachusetts	1	Virginia	39
Michigan	265	Washington	112
Minnesota	587	West Virginia	21
Mississippi	115	Wisconsin	281
Missouri	284	Wyoming	32
Montana	149	TOTAL 7,421	
Nebraska	339		

*Includes 1963 one-year extensions of 701 thousand acres.

** 500 acres or less.

SELECTED DATA, GENERAL PILOT COUNTIES 1963 CROPLAND CONVERSION PROGRAM *

LAND SUITABILITY CLASSIFICATION:

Suited for regular use for row crops or small grains	99%
Not suited for regular use for row crops or small grains	1%

LAND USE ONE OR MORE OF LAST THREE YEARS:

Row crops or small grains (standard payment rate)	80%
Tame hay, summer fallow, etc. (reduced payment rate)	20%

LAND USE UNDER AGREEMENTS:

Converted to sod	96%
Converted to woodland	4%
Converted to wildlife and recreation uses	▲

EXTENT OF CONVERSION BY NUMBER OF FARMS:

All cropland on farm converted ("whole farms") . .	17%
Part of cropland on farm converted	83%

* Based on data available June 6, 1963

▲ One-tenth of one percent

contracting during the calendar year 1964, which is too strict. Mr. Bagwell pointed out that fact to me in our conversation about it, that the Secretary would want to make some contracts during the balance of 1963 and could not wait until January 1964 to start negotiating his contracts. That is the reason for this suggested change.

(The suggested section follows:)

Provided, That the Secretary may, without regard to the foregoing limitations, enter into agreements hereunder with respect to an acreage of land equal to the conservation reserve acreage covered by land use adjustment agreements for 1963 and by conservation reserve contracts which expire on or before December 31, 1964.

The CHAIRMAN. Mr. McIntire?

Mr. McINTIRE. I would like to refer to the charts that you had up there. Under this crop conservation program, do I understand correctly that 98 percent of the land that was under contract went into a soil cover?

Mr. GODFREY. Ninety-nine percent.

Mr. McINTIRE. Ninety-nine percent.

Mr. GODFREY. 99.5, actually.

Mr. McINTIRE. Then so far as the practice on the land is concerned, it is exactly the same as in the conservation reserve to the extent to which the land use was involved; is that right?

Mr. GODFREY. To the extent that land uses are involved, with whatever modifications in sod practices which may have been made by the local people since the conservation reserve practices were applied.

Mr. McINTIRE. Right; and to put it in another way, both the conservation reserve and the cropland adjustment program basically accomplish the same thing; that is, take land out of production. Their one difference, however, is that in the conservation reserve program this land would be used for grazing under the cropland adjustment; is that right?

Mr. GODFREY. Yes.

Mr. McINTIRE. All 99 percent of the land practice might be about the same under the two programs, but there is the difference that the cropland conversion program permits grazing, while the conservation reserve program does not?

Mr. GODFREY. This is right. And instead of 99 percent, may I correct that to 95 percent and a little over 4 in trees and about 1 percent in recreation and wildlife?

Mr. McINTIRE. The 99 percent is still applicable, because in the conservation reserve tree planting is an integral part of it?

Mr. GODFREY. Yes; the same.

Mr. McINTIRE. Thank you.

The CHAIRMAN. Mr. Short.

Mr. SHORT. I do not know whether this is a point to bring up now. I asked the question about the allotted wheat acres which were encompassed in this land that was put into the conservation reserve. I get the impression that there was possibly some slippage, that some of the farms put a portion of their land into the conservation reserve but did not actually proportionately reduce their wheat allotment.

Is it the opinion of the Department that the allotments were reduced in the exact proportionate amount of the land that was put into the conservation reserve?

Mr. GODFREY. No, sir; he was not required to do that in the conservation reserve. He did not have to put one-half of his allotment in. If he put one-half of his cropland in there, he could withhold sufficient land to grow his entire allotment, if he so desired.

The figures I quoted here, though, are the actual amount of the allotments that were put in.

Mr. SHORT. This is the part that I was trying to get at.

Mr. GODFREY. There is no slippage in this. This has been corrected to show the actual amount of allotment taken out, insofar as wheat and other crops are concerned.

Mr. SHORT. What I was trying to get at is this, what we are dealing with here is the acreage that would come back into wheat production, if this land comes back into production.

Mr. GODFREY. The slippage has been taken out.

Mr. SHORT. Thank you.

The CHAIRMAN. Mr. Hagen of California?

Mr. HAGEN of California. What is the difference between the first and the second Cooley bill?

Mr. GODFREY. The difference, as I interpret what Mr. Heimbürger said and from reading it here, is that under the first, H.R. 6491, it would take off the \$10 million limitation that was included in the Food and Agriculture Act of 1962 in section 101. It would take it off indefinitely.

In H.R. 7154, there would be authority to take care of land equivalent to the acres coming out of the conservation reserve in 1963 and 1964.

The CHAIRMAN. This is to take care of the situation for 1 year, and then we will consider the long-range program.

Mr. GODFREY. If I may, Mr. Chairman, as pointed out on page 3 of my testimony, time is really important here, because much of this land, particularly in the midwestern part of the country and the Northwest and in Congressman Short's area, can now be plowed out at this time of the year for crops next year, and many farmers are at the stage where they have to make up their minds as to what they are going to do, and time is of the essence right now.

Mr. HAGEN of California. Both of these bills deal with the conservation reserve and cropland conversion programs; is that right?

Mr. GODFREY. Right.

Mr. HAGEN of California. And the latter is essentially an extension of a pilot program.

Mr. GODFREY. The latter is a continuation of the experience that we have had this year in preparation, and because of the time element for a long-term land use program.

Mr. HAGEN of California. It will be an expansion, essentially that is what it is—an extension for 1 year of an expanded program?

Mr. GODFREY. No, sir; no, sir. It would be a new sign-up for a period of time for from 5 to 10 years.

Mr. HAGEN of California. Under both programs?

Mr. GODFREY. We would not extend the conservation reserve. We are asking for expansion of the program for cropland conversion.

Mr. HAGEN of California. You do extend the conservation reserve actually 1 year?

Mr. GODFREY. No, sir. We had the 1-year extension for the contracts expiring last year. We are not asking for that authority again because of the expense involved. The 1-year extension is much more expensive; approximately twice as expensive per acre as the cropland conversion.

Mr. HAGEN of California. Why do you bring in the reference to the conservation reserve?

Mr. GODFREY. Because we have the problem of the \$7.4 million coming out of the conservation reserve this year.

Mr. HAGEN of California. Right. You would put those acres into the cropland conversion; is that the idea?

Mr. GODFREY. Those or an equivalent amount of acreage, so that this amount of acreage will not come back into production next year.

Mr. HAGEN of California. In other words, it will be an extension of the retirement of that land, but under a somewhat different program?

Mr. GODFREY. It will not retire. It will be converted to other uses, an equivalent acreage to that coming out of the conservation reserve.

It may be the same acreage, but it does not necessarily have to be.

Mr. HAGEN of California. And 7,400,000 acres would go into cropland conversion?

Mr. GODFREY. For a period of 5 to 10 years, whereas if you had a mere extension you would have a 1-year extension of the conservation reserve contract.

Mr. HAGEN of California. In effect, you are expanding the cropland conversion program?

Mr. GODFREY. That is right.

Mr. HAGEN of California. To the extent of the acres coming out of the soil bank?

Mr. GODFREY. Yes; equivalent to those coming out of the conservation reserve.

Mr. JOHNSON of Wisconsin. You do not necessarily have to take them. You take that amount of acreage.

Mr. GODFREY. We have not worked this down to the final details, but the idea is to take an equivalent amount of acreage, to keep this from adding to our productive capacity.

The CHAIRMAN. Mr. Dole.

Mr. DOLE. On page 2 of your statement you state that 140,000 acres were under the cropland conversion program at a modest cost. I wonder if there are any figures available on that?

Mr. GODFREY. In the next paragraph we outline that the cost to the Government was approximately \$45 per acre for the full period of the contract. And the period of the contract runs between 5 and 10 years at an average cost per acre of \$5 to \$7.

Mr. DOLE. What kind of land are you talking about?

Mr. GODFREY. The chart here shows that. I think that you came in just a minute late, but the last chart here indicates the use that was made of the land. Some 99 percent of it is, of course, according to the land suitability classification made by the technicians of the SCS, suited for regular use and 80 percent of it has been in row crops and small grains during the previous 3 years.

Mr. DOLE. Does this program envision additional outlays under the FHA for recreational purposes?

Mr. GODFREY. No, sir; this does not cover FHA at all.

Mr. DOLE. It is covered by the cropland program?

Mr. GODFREY. We have some recreational projects authorized under the cropland conversion program—about 1 percent of the land that was retired this year in the general pilot areas did go into recreational projects.

Mr. DOLE. On May 16 there were nine ownership loans totaling around \$242,000 and \$119,000 of it was for recreational purposes—golf courses, and so forth.

Mr. GODFREY. That comes under a separate section altogether and does not come under this.

Mr. DOLE. I wondered whether you perhaps would know how many acres this involved—apparently not very many.

Mr. GODFREY. No, sir, I do not have that information. That is under the Farmers Home Administration.

Mr. DOLE. This would be less expensive than the conversion reserve extension, that is, the extension of that, would it not?

Mr. GODFREY. Yes, sir.

Mr. DOLE. That is the reason for this?

Mr. GODFREY. And to provide the farmers with an opportunity to make some long-range plans. We get it out for a longer period and will not have to be dealing with it every year.

Mr. DOLE. Is there any advantage, in addition to the lump payment to the long-range contract?

Mr. GODFREY. We offer the producers a choice of a lump sum payment or five annual payments.

Mr. DOLE. Is the net result the same?

Mr. GODFREY. Actually the experience we have had so far this year leads us to believe that we get the land cheaper on the lump sum payment basis than we could on an annual installment payment basis.

Mr. DOLE. What about the farmer from the standpoint of income tax; does he have a problem in taking the lump sum payment?

Mr. GODFREY. This I would not be in a position to answer. Maybe our General Counsel, Mr. Bagwell, could answer that. I do not know what his income tax position would be if he takes the lump sum payment.

Mr. BAGWELL. I do not know, either. We have not made any effort to determine that.

Mr. GODFREY. This is the reason we gave him the alternative, to let him figure out his own.

Mr. DOLE. This would be quite a factor with some farmers, would it not?

Mr. GODFREY. This is the main reason we gave them the alternative. I recall that this did come up when we were discussing it and we gave them the alternative so that they could figure their own individual situation.

Mr. DOLE. And to make the determination on that?

Mr. GODFREY. Yes, sir.

Mr. DOLE. Thank you.

The CHAIRMAN. Mr. Abernethy.

Mr. ABERNETHY. In the management of the cropland conversion program, do you offer to the farmers of the particular community a choice between particular uses of the land?

Mr. GODFREY. These uses are designed in a program which is applicable to the entire State, developed by the local people. Generally it is conversion to sod or to trees or to recreation. And as we pointed out here—

Mr. ABERNETHY. Those are the three significant choices?

Mr. GODFREY. These are the three significant uses. Each one of the three uses would provide an income supplement for the farmer.

The first one, he is permitted to graze the land, if it goes to sod.

In the case of trees, of course, the income supplement there over a period of years is such as first pulp and then lumber.

And recreation would be income producing, also.

Mr. ABERNETHY. Thank you. That is all.

Mr. GODFREY. It is left to the individual farmer to make his decision.

The CHAIRMAN. The farmer is required to keep weeds off the land that goes into the program, is he not?

Mr. GODFREY. Yes, sir. This is a basic requirement and, of course, this would be controlled more than it was under the conservation reserve because of the fact that this land would be grazed.

Mr. ABERNETHY. That raises another question. That would be difficult to administer, if you made a lump sum payment, would it not?

Mr. GODFREY. No, sir. We have found that it is no more difficult to administer.

Mr. ABERNETHY. I do not mean difficult to administer, but it would be difficult to enforce.

Mr. GODFREY. We do not think so, no, sir.

Mr. ABERNETHY. If he has the money and has spent it, who is going to make him get out there and cut those weeds?

Mr. GODFREY. There is the authority to permit him to graze. And then with the locally elected committee, under our supervisory basis, as they have done down through the years, I think it will work out all right.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. So far as the conservation program is concerned, you have had no experience on this point, have you?

Mr. GODFREY. We have had this first year's experience, yes, sir; and I have had quite a bit of it.

Mr. MCINTIRE. Many of these farmers have just been in it for 2 or 3 months, under a contract?

Mr. GODFREY. Yes, sir. Some of this land use, you must remember, was already in sod, and we have permitted him to keep it in there. But my personal experience with farmers is that if you permit them to use the land for grazing purposes, then there is an incentive for them to control the weeds themselves.

Mr. MCINTIRE. Under this cropland conversion program, if the farmer took the option of a 10-year contract, accepted his payments as a lump sum payment during that term of 10 years, and then transferred the title, do you have an action or any recourse against the former owner?

Mr. GODFREY. Yes, sir; we have two recourses—first, the successor in interest may assume the obligations under the contract. This is the first.

Mr. MCINTIRE. The obligation and no payment.

Mr. GODFREY. This is worked out between the seller and the buyer.

Second, if he does not assume the obligation under the contract, then there may be a refund of the cost-sharing payment, but we let him keep the proportionate share of the rental payment for the land for the time it has been his. He refunds the remainder.

Mr. McINTIRE. How would you do that where there is a lump-sum payment?

Mr. GODFREY. You would divide it by the number of years to determine what the annual payment would have been and he would be required to refund that portion of it.

For example, 10 years, as you said, and he kept it for 3 years and then sold the land. We would divide the total lump sum payment by 10, and he would be required to refund seven-tenths of it if his successor in interest did not assume the contract.

Mr. McINTIRE. If he did not. Do you mean the original owner would be required to do so?

Mr. GODFREY. Yes.

Mr. McINTIRE. And if it was transferred by title, it would go to the original owner?

Mr. GODFREY. Yes, sir.

Mr. McINTIRE. Thank you.

The CHAIRMAN. Mr. Harding.

Mr. HARDING. Do you have a copy of the contract used so far in this program?

Mr. GODFREY. Just a moment.

Mr. HARDING. Is it stated in the contract that the farmer is required to take care of insects?

Mr. GODFREY. In the regulations. Mr. Bagwell has a copy of the regulations.

Mr. HARDING. How about insects and need control—are they both provided for?

Mr. GODFREY. Rodents and insects I believe are covered in the regulations also.

Mr. HARDING. I believe that rodents were covered under the conservation reserve, were they not?

Mr. GODFREY. Yes.

Mr. HARDING. And insects were not. During the 3 years I have been in Congress I have had hundreds of letters from farmers with property bordering on property that had been placed in the soil bank. These letters stated that the soil bank lands were becoming breeding places for grasshoppers and crickets and they were having a real problem of insect control. Will we specifically cover insects in this program?

Mr. GODFREY. We feel that by using a conversion rather than retirement program, that problem will in itself be solved to a great extent, because the farmer himself is interested in getting something from the land each year. So it carries with it an incentive, because he is going to be using the land, not retiring it.

Mr. HARDING. I agree that there is more incentive, but on the other hand, I am sure that grasshoppers are not going to do the damage to pastureland that they would do to wheat and barley and other row crops and a regulation covering insect control is needed.

Mr. GODFREY. I might point out that the regulations do cover insects this year.

Mr. HARDING. Very fine; thank you.

The CHAIRMAN. Mr. Quie.

Mr. QUIE. Under the proposal, if they choose to put it under grass-lands, can they use it for anything that they want?

Mr. GODFREY. They can use it for grazing.

Mr. QUIE. They cannot use it for hay?

Mr. GODFREY. No, sir; it is restricted from hay.

Mr. QUIE. If they let weeds grow up—how about that?

Mr. GODFREY. They can clip the weeds.

Mr. QUIE. They cannot rake them and use them?

Mr. GODFREY. Not for hay.

Mr. QUIE. Do you have any that do that now?

Mr. GODFREY. Normally you have a pretty good policing system by neighboring farmers.

Mr. QUIE. Thank you on that.

How much was the cost of the 140,000 acres?

Mr. GODFREY. The 140,000 acres cost, roughly—

Mr. QUIE. How much was the cost for those contracts?

Mr. GODFREY (continuing). Between \$6 and \$7 million. And the contracts ranged from 5 to 10 years with an average of a little over 6 years per contract.

Mr. QUIE. Would this be from the appropriations of \$10 million?

Mr. GODFREY. The authorization was for \$10 million.

Mr. QUIE. There is still a little over \$3 million that has not been used.

Mr. GODFREY. Part of it is being used for recreation—part of it will not be used, in our opinion. This has come about because of two or three factors. One was the lateness with which the authorization was given last fall. Secondly, the inability on our part to make payments immediately upon the signing of the contract this year.

Mr. QUIE. How many of these 140,000 acres were in the wheat country, and how much was in the so-called feed grain areas?

Mr. GODFREY. I might cover the counties that were authorized this year for you. We had 41 counties in 13 States. And these were in the wheat area—Idaho, where we have four counties; in Iowa, we have two counties; in Kansas, three counties; in Minnesota, three counties; in Missouri, two counties; in North Dakota, two counties; Wisconsin, four counties; and Utah, three counties. A substantial portion of it would be in these areas, in the wheat and feed grain areas.

Mr. QUIE. When you take 140,000 acres out of cropland that is a lot easier than taking out 7.4 million acres.

Mr. GODFREY. Yes, sir; it will be a terrific job, we realize this.

Mr. QUIE. And this will mean that, at least, 7 million of those acres will be put into grass.

Mr. GODFREY. Grass or trees, primarily.

Mr. QUIE. Of the 7.4 total, much of it will be in grass and only a small portion in trees.

Mr. GODFREY. If we run on the basis of our experience this year, about 95 percent would go to grass; yes, sir.

Mr. QUIE. There would be less going into trees, would there not, a smaller percentage of the 7.4 million acres?

Mr. GODFREY. We feel that it would be the other way. There may be a little more going into trees than into grass on a percentage basis over this year. We did not have the time this year to get them in. There is a lot of fall planting of trees, you see. And we were not able to plant any trees last fall because of the lateness.

Mr. QUIE. So if we say that there would be 6.5 million acres that would go into grazing and those 6.5 million acres are not in production now, there would be an additional feed that would be put into cattle and would either increase the production of cattle or replace what would have gone into the cattle from other sources of feed, would it not mean that?

Mr. GODFREY. There is an alternative here. It can either go into grass or, as you point out—and, of course, grass would not be available for feed next year. Generally, it takes more than 1 year to establish the sod. Or we can let it go back into feed grains and wheat. On the basis of the study that has been made by the economics division the 7 million acres in crops would produce about 2.1 million animal-unit years of feed. And when the grass becomes fully productive it will produce only 1.2 million animal-unit years of feed, so that the choice is whether you will let it go back to feed grains and wheat and the like, or let it go into grass.

Mr. QUIE. This bill will extend the conservation reserve contracts but permit grazing. What we should really be attempting to do, it seems to me, is to get land out of production, rather than merely transferring it from one type of crop to another.

Mr. GODFREY. We have found there are problems with which you are familiar, I am sure, on the retirement of land without any use being made of it. Our goal is to keep the farmers on the farm if we possibly can, to keep the farm communities if we possibly can, and that we provide an income producing farm economy for the farmer. If we do so, then we think they will stay on the farm. It is not our goal to drive them off the farm with the retirement program.

Mr. QUIE. Well, also, if you let this land go back into production, to a certain extent, to put more cattle on, it will cause more difficulty for the cattlemen to make a living.

Mr. GODFREY. No, sir. We believe, of course, that it takes quite a while to expand the livestock economy, so far as cattle is concerned. And we believe that there is an adequate outlet for any increased production of cattle from this grazing.

Mr. QUIE. Production increases pretty fast in dairying and beef when female stock is held back, which normally would have been culled.

Thank you.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. One of your charts showed that there has been considerably more wheat land and also considerably more corn land within the programs than cotton land.

Mr. GODFREY. Yes, sir.

Mr. TEAGUE of California. How do you explain that?

Mr. GODFREY. The conservation reserve program was designed and was more attractive to this area of the country than to the strictly cotton or tobacco farmers.

Mr. TEAGUE of California. You would not be willing to say that it would be due to the fact that the price supports for cotton were pretty high—that that had anything to do with it?

Mr. GODFREY. No, sir. I would say that the price support for cotton and tobacco and peanuts is clearly in line with the price supports for wheat and feed grains.

Mr. TEAGUE of California. Do you believe that?

Mr. GODFREY. Yes.

Mr. QUIE. Will you yield?

Mr. TEAGUE of California. Yes.

Mr. QUIE. In the case of cotton the acres, comparing present acres with the acreages of some years ago, cotton acres have shifted into feed grains. Then your charts would indicate that feed grains have increased.

Mr. GODFREY. Coming from the area which you might be referring to here I might say that the acreage of feed grains, contrary to popular belief, has not increased in this area, while the acreage of cotton was going down.

Mr. QUIE. That might be true in your area, but in other parts of the country that once produced cotton it went into feed grains.

Mr. GODFREY. No, sir. The other parts of the country where they grow cotton and this goes all the way throughout the Southeast and through Texas—the acreage of feed grains has not increased to the extent that cotton has decreased. In fact, they have remained relatively stable.

Mr. QUIE. Where did the 20 million acres of cotton go into?

Mr. GODFREY. Part of it went into grass, part of it went into industrial development, part of it went into housing developments, and so forth.

Mr. QUIE. Agriculture is not houses.

Mr. GODFREY. Quite a substantial acreage of the delta land went into soybeans.

The CHAIRMAN. Mr. Hoeven?

Mr. HOEVEN. Mr. Godfrey, as I understand it, when conservation reserve contracts expire, then under the provisions of H.R. 7154, the Department will be authorized to enter into new agreements, on or before the 31st day of December 1964?

Mr. GODFREY. Yes, sir.

Mr. HOEVEN. The new contracts would be long-term agreements of from 5 to 10 years?

Mr. GODFREY. Yes, sir.

Mr. HOEVEN. You would not put any new land into production, that is, over and above the amount of acres taken out of production?

Mr. GODFREY. We would have no control over new land coming into production.

Mr. HOEVEN. Under the proposed program as the old conservation reserve contracts expire your new program would be related entirely to the specific acres withdrawn?

Mr. GODFREY. No, sir. This is not intended to those specific acres. It is intended to cover an equivalent acreage.

Mr. HOEVEN. But not in excess of the number of acres taken out of production through the medium of the conservation reserve agreements?

Mr. GODFREY. That is right.

Mr. HOEVEN. In other words, there would be no new acreage taken into production over and above the number of acres we are dealing with now?

Mr. GODFREY. That is right.

Mr. HOEVEN. Now you propose to put these new acres either into grass for grazing or forestry or recreational areas, is that correct?

Mr. GODFREY. That is right, sir.

Mr. HOEVEN. Is there any other category?

Mr. GODFREY. No, sir, no other.

Mr. HOEVEN. Would the new contracts be entered into on a negotiated or a bid basis, or just what are the mechanics you have in mind?

Mr. GODFREY. We have not worked out the final mechanics yet, Congressman Hoeven, but on the basis of our pilot program we did not offer it on a bid basis, but we did let the farmers come in and make their offers, and then a check was made of the actual land that they were offering, and the county committee made the decision as to what was accepted.

Mr. HOEVEN. You are not going to enter into any contracts wherein you will pay in excess of approximately \$45 an acre, are you?

Mr. GODFREY. This is the average. We would have some contracts on land that would exceed this, yes, sir.

Mr. HOEVEN. How are you going to handle agreements relating to recreational areas on the basis of \$5 to \$6 or \$7 an acre—what do you have in mind for recreation?

Mr. GODFREY. Each recreational project has been handled individually so far. It is considered by the local people, that is, the elected county committee, the soil conservation technician, and the district supervisors. Then it is submitted to the State committee for approval. And it has been submitted up here for concurrence.

Mr. HOEVEN. What specifically do you have in mind in the recreational field?

Mr. GODFREY. Primarily fish and wildlife, hunting and the development of areas for this, fishing and the like.

The CHAIRMAN. Would you share in the cost of it?

Mr. GODFREY. We have to some extent where land would be retired from agricultural production—we have assisted in sharing the cost, for example, of putting the land to grass. That is about the extent that we have gone.

That is in the recreational project.

Mr. HOEVEN. The proposed recreational programs would have nothing to do with FHA loans for a specific purpose?

Mr. GODFREY. No, sir. There is nothing—

Mr. HOEVEN. Within the limitations you mention, how can you set up a recreational area with the amount of money you expect to pay per acre? I am talking about the financing, how are you going to get the job done?

Mr. GODFREY. In addition to the so-called rental payment we share the cost with him of putting it to grass or to sod. As to recreational projects for hunting we have several of those now, where he establishes the feed for birds and wildlife. He establishes it by putting the land to sod use. And this we feel is the extent that we could go in assisting.

Mr. HOEVEN. That would rule out swimming pools, ski jumps, and the like, boat docks, poultry houses, and quail pens, and things of that nature?

Mr. GODFREY. It would not rule out entirely a swimming area, but we would not go to the full limit in establishing cost sharing for building the swimming area. I can conceivably see that we would do this, we would give cost sharing for establishing a farm pond, provided there was enough land being retired in the surrounding area for picnic grounds or for other recreational purposes, to make it in the best interests to retire that land from crop production. We would share the cost on establishing the farm pond and the sodding of it or the seeding down and converting it to sod, that is, the surrounding areas. We would pay about 50 percent of the cost sharing and then we would pay the rental payment of about \$45 on the average for the period of the contract.

Mr. HOEVEN. In your overall program do you anticipate that it would cost less than extending the present conservation reserve contracts?

Mr. GODFREY. We anticipate it will cost about one-half as much.

Mr. HOEVEN. What leads you to believe that you are going to have a greater participation in the new proposal than under the old program?

Mr. GODFREY. The experience that we have had this year under the pilot program we feel gives us an indication that we would have all of the participation that we could handle or that would be authorized in this program.

The CHAIRMAN. Are there any further questions?

Mr. Johnson?

Mr. JOHNSON of Wisconsin. If they were grazing sheep or raising beef or dairy cattle, with this pasture land coming in under this new program wouldn't it tend to cause a surplus in those commodities?

Mr. GODFREY. From the studies that our economists have made, it would not increase due to the availability of this land for grazing and it would not materially increase the cattle numbers or the sheep numbers. And that is the lesser of the two alternatives that we have, because if it does not go into grass or trees then it will come back into grain production.

Mr. JOHNSON of Wisconsin. Under the old program they could not graze?

Mr. GODFREY. No, sir, they could not graze.

Mr. JOHNSON of Wisconsin. Thank you.

The CHAIRMAN. Mr. Dole?

Mr. DOLE. I want to clarify an earlier question. You say that there is nothing in this program that has anything to do with any expenditure of funds from any source for recreation?

Mr. GODFREY. Yes. That is, for recreation, yes, sir.

Mr. DOLE. What type of recreation do you envision?

Mr. GODFREY. The conversion of land that is now in production, to recreational areas for hunting, fishing, or camping.

Mr. DOLE. You mentioned that you would not build a swimming pool, but you would build a farm pond. How do you define a farm pond—could it be one with a cement bottom?

Mr. GODFREY. If he wanted to go to that expense himself then he could do this, but we would construct the farm pond as we now do under our agricultural conservation program.

Mr. DOLE. Then with reference to the 140,000 acres converted to other uses, do you have any specific examples, say, for the State of Kansas?

Mr. GODFREY. I have Mr. Egbert here who is the chairman of the State committee and Mr. Egbert can speak to that.

Do you have any specific example of what has been done in Kansas?

Mr. EGBERT. So far as recreation is concerned?

Mr. GODFREY. Converted to other uses.

Mr. DOLE. I want to know what some of the other uses are.

Mr. GODFREY. What were some of the other uses? I believe most of it went to sod.

Mr. EGBERT. Yes. We have a project involving recreation, Congressman Dole, which this gentleman has not completed yet, but he plans to make it a hunting and fishing place and a picnic area.

Mr. DOLE. Where is that?

Mr. EGBERT. This is on a farm of about 200 acres.

Mr. DOLE. How much of an area—where is it located?

Mr. EGBERT. It is in Jackson County.

Mr. DOLE. As to the matter of practicality to the farmer, how can this program compete with a feed grain program which pays \$45 an acre or more per year?

Mr. GODFREY. How could it compete with this?

Mr. DOLE. Yes.

Mr. GODFREY. It gives him a long-range 5- to 10-year program.

Mr. DOLE. Yes, but how does the program compete dollarwise?

Mr. GODFREY. Where the feed-grain program is currently authorized for only 2 years.

Mr. DOLE. As a practical matter the complier can get as much in 1 year for diversion payment in the feed-grain program as he can get in 5 under cropland conversions and hence, he will probably not go into it.

Mr. GODFREY. No, sir, not if he wanted to shift his farming practice, so to speak, his whole farming enterprise, which many would like to do.

Mr. DOLE. Thank you.

The CHAIRMAN. Mr. Hutchinson?

Mr. HUTCHINSON. I just want to ask some questions with regard to this recreational matter. These farmers that go in for recreation, do they convert their whole farm into that?

Mr. GODFREY. In some instances they have and in others they have not.

Mr. HUTCHINSON. It would seem to me as though the farmer would be rather inconvenienced if he was going to try to farm in one area and then have a lot of picnickers and campers tramping through his area.

Mr. GODFREY. In some individual cases, as I recall, the farm is so situated that the farmer could cut off a part of it for recreation and still farm another part of the farm.

Mr. HUTCHINSON. If the farmer wants to put in a golf course, for example, he does not get all of the financing through the Agriculture Department, but can he get it through some other Federal agency?

Mr. GODFREY. He might get it through some other Federal agency or through private financing.

Mr. HUTCHINSON. Do you have any Michigan counties that are under this pilot program?

Mr. GODFREY. Yes, we have seven counties in Michigan that have recreational projects under consideration.

Mr. HUTCHINSON. What are the types of recreational projects, do you know?

Mr. GODFREY. I think that we can provide you with this. We do not have individual case information here for Michigan, but we would be glad to supply you with that information.

Mr. HUTCHINSON. I will be glad to have that.

(The information follows:)

The cropland authorized for conversion to outdoor recreation enterprises under the cropland conversion program in Michigan includes areas for riding, fishing, swimming, camping, and picnicking.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN of California. What happens to his allotment?

Mr. GODFREY. His allotment is preserved as under the other going programs?

Mr. HAGEN of California. In view of the large dropout of acreage of cotton, in the Cotton Belt, for example, why would not this program be very attractive down there? Presently many Southern growers are not planting but are surrendering their allotments to other growers for no compensation at all.

Mr. GODFREY. It might be attractive there.

Mr. HAGEN of California. Do you intend to confine it to States like these?

Mr. GODFREY. No, sir. This would be made available nationwide—it would be made available on the basis of an equivalent acreage to that which would come back into production.

Mr. HAGEN of California. In other words, areas other than those in the soil bank?

Mr. GODFREY. Other than those areas; yes, sir.

Mr. HAGEN of California. Apparently you have no real guidelines to guide the county committee as to what they can pay the farmer.

Mr. GODFREY. Yes, sir, we have guidelines.

Mr. HAGEN of California. These committees when it comes to Uncle Sam's money, they are very generous to their neighbors.

Mr. GODFREY. We do have guidelines established on a State and county basis for the county committees to follow.

Mr. HAGEN of California. But you do not have a formula?

Mr. GODFREY. Yes. The formula is developed here for establishing a guideline.

Mr. HAGEN of California. In the last analysis it is the judgment of the individual committeemen as to how much money they want to give.

Mr. GODFREY. Yes, sir, within the formula. And I feel that this is the way it should be.

Mr. HAGEN of California. I disagree with that amount of discretion to local committees.

Mr. ABERNETHY. Did they not have that same thing under the conservation reserve program?

Mr. GODFREY. Yes, sir. It is based entirely upon the productivity of his land as compared to the productivity of the other land in the

county. And the county's figure is based upon the productivity of the land as compared to other counties in the United States.

Mr. McINTIRE. Will you yield there?

Mr. HAGEN of California. Yes.

Mr. McINTIRE. In your conservation reserve contracts you did not have that same arrangement. The farmer bid the price that he wished to have.

Mr. GODFREY. For 3 years we did have this arrangement, and for 1 year we had the bid procedure. And then he bid against a productivity index that had already been established for his farm.

Mr. McINTIRE. I realize that he bid against the formula, but he bid and put in his price at that figure which he would accept the contract for.

Mr. GODFREY. But before he made a bid there had been established for his farm a relationship with other farms in the county. Then he could underbid that if he saw fit.

Mr. McINTIRE. But he could overbid it, too.

Mr. GODFREY. No, we did not permit him to overbid. We permitted him to bid under what had already been established. For example, if the county rate had been established at \$20 per acre, under the conservation reserve, and his individual farm had been established at 110 percent of the county average, then his individual rate was \$22. He could come in and bid \$21.90, or he could come in and bid \$21.50 or \$20. Generally the bids were between 95 and 100 percent of that which had already been established for him.

Mr. HAGEN of California. Why would he underbid? He would automatically get the amount established by the county average.

Mr. GODFREY. Under the bid procedure we had more requests than we could fulfill. Therefore, if he bid 91 percent of what had been established for him, he was in a better position than the man that bid 91.2.

Mr. HAGEN of California. Exactly how did it work out in practice?

Mr. GODFREY. This worked out, and we were able eventually to accept, I think, everything down to about 95 percent. In some areas it varied by States.

Mr. HAGEN of California. Thank you.

The CHAIRMAN. Mr. Beermann?

Mr. BEERMANN. What was the ratio of imported pounds of meat to the land retired?

Mr. GODFREY. Mr. Upchurch, what was the ratio of the acreage retired to the pounds of meat input?

Mr. BEERMANN. As to the imported meat.

Mr. UPCHURCH. Yes.

Mr. GODFREY. Imported.

Mr. UPCHURCH. Mr. Beermann, the acreage of land that would be involved in this program is a very small percentage of the total productivity capacity of grazing land in this country. The amount of grazing provided by these 7 million acres would be so small that you would hardly discern it as a variation in our meat supply.

Mr. BEERMANN. If you cut off the meat imports, would they not need more land than we have in the conservation reserve program now?

Mr. UPCHURCH. Not necessarily.

Mr. BEERMANN. It looks to me like it would be a lot less expensive to use the land we have.

Thank you.

The CHAIRMAN. I think that you ought to make perfectly clear, Mr. Godfrey, the situation that was indicated by Mr. Hoeven. Suppose a farmer wants to put his land into the conservation reserve and decided to build a golf course, and he happens to be near some town or some city, would you put any money into that sort of thing?

Mr. GODFREY. We would go to the same extent that we would if he were going to put that farm into sod.

The CHAIRMAN. As if he were going to put it into sod?

Mr. GODFREY. That is as far as we would go.

The CHAIRMAN. How far would that be?

Mr. GODFREY. We would share the cost with him on putting it into the sod, and we would pay the adjustment fee if the land qualified as productive land and would have continued in production.

The CHAIRMAN. But you would not go into the sharing of the cost of the golf course as such?

Mr. GODFREY. No, sir. What we would pay on the whole farm would be negligible as compared to the cost of establishing one green.

Mr. ABERNETHY. Will you yield there?

The CHAIRMAN. Yes.

Mr. ABERNETHY. This would be applicable only to land that was producing some particular crop?

Mr. GODFREY. Yes, sir.

Mr. ABERNETHY. Very well. All land that is now in the conservation reserve?

Mr. GODFREY. Right.

Mr. ABERNETHY. And is a potential producer?

Mr. GODFREY. That is right.

The CHAIRMAN. You would include putting the land into sod?

Mr. GODFREY. Yes.

The CHAIRMAN. And if he wanted to build a golf course, he is on his own?

Mr. GODFREY. Yes.

The CHAIRMAN. You would assist him only insofar as the amount of payment to sod the land?

Mr. GODFREY. The cost of putting in the sod. Let me reemphasize that we had quite a few requests to assist in the establishing of greens, for example, and the landscaping that would be necessary and the seeding and so forth, and the installation of a water system and all of that. We said no, we will not do this. We will share in the cost to the extent that we would ordinarily share if it was going into sod for grazing.

Mr. HOEVEN. Will the chairman yield?

The CHAIRMAN. Yes.

Mr. HOEVEN. And you would not contribute to anything else?

Mr. GODFREY. That is right, sir.

Mr. HOEVEN. Would the farmer be prohibited from going to the FHA for a loan?

Mr. GODFREY. No, sir, he would not.

Mr. HOEVEN. So if you laid out a golf course, he could go to the FHA for a loan to further improve it?

Mr. GODFREY. He could go to them for a loan and then he would be required to pay back this loan.

Mr. HOEVEN. The same would be true if he put in a swimming pool?

Mr. GODFREY. That is right. If he desired to do that.

The CHAIRMAN. Then after you authorize that, you have the FHA, the REA and many other programs to work with. You know that is a proposition of golf courses, etc., that was not anticipated or approved by this committee when we created the FHA.

Mr. GODFREY. We have had a lot of requests for further assistance on recreational projects along this line and we set a policy at the Washington level here in cooperation with our State committees that we would not go this way. We would make cost shares only to that extent.

The CHAIRMAN. Are there any further questions?

Mr. Short?

Mr. SHORT. One brief question, Mr. Chairman.

In the event, Mr. Godfrey, of a lump sum payment for the 5-10-year retirement, this could be as much as \$40 or \$45 or \$50 an acre, what would be the consideration—how would this lump sum payment be handled—what assurance would there be that the mortgage holder would be paid off or completely or partially paid off, in the event of a mortgage on the farm?

Mr. GODFREY. They would have to have a waiver from the lien holder, I believe.

Mr. RITCHIE. No.

Mr. GODFREY. You do not?

It is left up to the owner and the mortgagor, I believe.

Mr. SHORT. The point I am trying to get to is, would the mortgage holder have a voice in the accomplishment of this longtime agreement which would very materially affect the value of the land?

Mr. GODFREY. Suppose that we let Mr. Bagwell, our General Counsel, answer this one.

Mr. BAGWELL. I think that would depend upon the terms of the mortgage between the landowner and the mortgagee. And certainly I think we could not get involved, in the administration of this program, in trying to change the loan arrangements which the owner may have made.

The CHAIRMAN. You would not do anything that would adversely affect the rights of the mortgagor, would you?

Mr. BAGWELL. No, indeed not.

The CHAIRMAN. All of this transaction would be subject to the conditions of the mortgage.

Mr. BAGWELL. The mortgage would be perfectly valid as far as we are concerned, and nothing we could do would jeopardize rights under the mortgage.

Mr. SHORT. The mortgage would be a legal claim on this payment which would be, in effect, a payment for income from that land.

Mr. BAGWELL. No, I would not say that. I doubt if it would go that far. Of course, if the money was used to increase the value of the property, the mortgagee would be fully protected. If we give the owner money and he used it for some purpose other than enhancement of the value of the property the situation would be different.

Mr. SHORT. It might in the long run, over a long pull, perhaps not work to the disadvantage of the value of the property, but certainly it is going to possibly affect the income from the property.

Mr. BAGWELL. That would be right.

Mr. SHORT. For the period of the contract.

Now, this is a new approach, is it not? We have never had anything like this before in the way of a conservation reserve program?

Mr. GODFREY. No, sir, except the pilot program this year.

Mr. SHORT. It is to be a contract over a period of years for a specific payment each year?

Mr. GODFREY. That is right—lump sum or annual payment.

Mr. SHORT. Thank you very much.

Mr. ABERNETHY. You had the same mortgage problem with the conservation reserve?

Mr. GODFREY. This is right, sir.

Mr. ABERNETHY. A man can enter into a contract for 5 years if he would be in a position to carry it out, and if he could not, under the mortgage, would you make the contract?

Mr. GODFREY. That is right.

The CHAIRMAN. Mrs. May.

Mrs. MAY. You spoke of the criteria of eligibility for the land being one that was already under the conservation reserve, or that is now in production.

Mr. GODFREY. Yes.

Mrs. MAY. Is there any particular criteria as to what kind of production this land is now in? It is not just land that is confined to the production of presently surplus crops, is it, or can it be in the production of anything else, such as vegetables, et cetera?

Mr. GODFREY. The rules that we have followed for the pilot project in 1963 provided that it could be any land that had been during the last 3 years devoted to the production of row crops, or small grains, or tame hay which followed our general definition of cropland.

Mrs. MAY. It was not confined to any one type?

Mr. GODFREY. No one type of crop.

Mrs. MAY. Only that the land had been producing any crop?

Mr. GODFREY. This is right.

Mrs. MAY. Thank you.

The CHAIRMAN. Mr. Stubblefield?

Mr. STUBBLEFIELD. What would be the situation where the Government exercised the right of eminent domain and acquired a large tract of land after the contracts had been entered into?

Mr. GODFREY. If the occasion comes about where the man cannot comply with his contract, which would be the situation in the case of eminent domain, then we would work out a pro rata basis for paying him for the period of time that the contract has been in force.

Mr. STUBBLEFIELD. Thank you.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. As to Mr. Hagen's question about these allotments being preserved under these contracts, when those allotments are preserved, they cannot be released for reallocation, can they?

Mr. GODFREY. This is correct, sir.

Mr. JONES of Missouri. How?

Mr. GODFREY. This is correct.

Mr. JONES of Missouri. They cannot be released?

Mr. GODFREY. They cannot be.

Mr. JONES of Missouri. But he can preserve it for himself?

Mr. GODFREY. Beg pardon?

Mr. JONES of Missouri. He can reserve the history for himself?

Mr. GODFREY. This is right, sir.

Mr. JONES of Missouri. And then at the conclusion of the 50- to 10-year contract, he can pick up this allotment history, can he?

Mr. GODFREY. He can pick up his history, yes.

Mr. JONES of Missouri. He can pick up the history and then release it after that?

Mr. GODFREY. That is right, sir; for a period of 3 years under existing legislation.

Mr. JONES of Missouri. But at the end of the 3 years he can lose it?

Mr. GODFREY. He loses the allotment. I might correct one portion of what I said. He can release it, but he cannot reapportion it.

The CHAIRMAN. Mr. Harvey.

Mr. HARVEY of Indiana. I have listened to Mr. Godfrey with a great deal of interest, and to your explanation of your proposal to deal with these conservation reserve acres.

Is not the proposal that you would have in mind here a way in which to try to keep these acres from producing crops at a minimum expense, is that not it?

Mr. GODFREY. Yes, sir; this is the whole meat of what we are proposing.

Mr. HARVEY of Indiana. I gathered that that was the point.

We had some thoughts in the past that 25 or 30 million acres are producing the surplus. And while it is a good start, it is not nearly enough. Would it be the intent, possibly by reducing the per-acre cost of this program, that you might expand it in the future in an effort to more nearly balance production against consumption or need?

Mr. GODFREY. Yes, sir. The Secretary has indicated that he would come back with a long-range program after we get a little more experience, but because of the time element now and because of the necessity of doing something immediately, based upon the experience we have had this year in our pilot project, we feel that we must move ahead now on this.

Mr. HARVEY of Indiana. Then it is definitely in your thinking that assuming that such a program, fashioned along these lines, is able to meet with a successful reception, you would like then subsequently to expand it?

Mr. GODFREY. Yes, sir. The Secretary will probably come back with a proposal to take care of, as he has indicated, 40 to 50 million acres that is not now needed for the production of crops.

I would like to point out here that the point I am making, really, is that the use of this land, permitting him to use it, will more than likely mean that it will stay out of the production of crops and would not come back in, once we get it under contract.

Mr. HARVEY of Indiana. I am going to have to say that I will have to give some thinking to this idea. It is an interesting thought.

Thank you very much.

The CHAIRMAN. Mr. Matsunaga.

Mr. MATSUNAGA. Mr. Godfrey, supposing that an acreage of land has been diverted for recreational purposes, to a profitable business, and there is no likelihood that it may reconvert to crop usage again. Would you still go into a contract with the owner of that property?

Mr. GODFREY. If it has already been converted; no, sir.

Mr. MATSUNAGA. I mean under the program.

Mr. GODFREY. If by getting it under the program it converts to the recreational use?

Mr. MATSUNAGA. Right.

Mr. GODFREY. Then we have accomplished the alternate use for the land and we would—

Mr. MATSUNAGA. Under the extension of the program, do you still continue to pay him?

Mr. GODFREY. No, sir. The land would not be eligible if it is already in recreation. I misunderstood you. We would merely fulfill the contract.

Mr. OLSON. You would fulfill the contract?

Mr. GODFREY. Yes.

Mr. MATSUNAGA. Is there a contract in Hawaii under this program?

Mr. GODFREY. Do we have a recreational program there? No.

Mr. MATSUNAGA. None at all?

Mr. GODFREY. Not now.

The CHAIRMAN. Mr. Leggett.

Mr. LEGGETT. What is your estimated cost of this new cropland conversion program?

Mr. GODFREY. For the acreage that we are proposing here it would be somewhere in the neighborhood of \$200 to \$250 million.

Mr. LEGGETT. And that is for the next fiscal year?

Mr. GODFREY. Yes, the total cost.

Mr. LEGGETT. It would be amortized over what period of years?

Mr. GODFREY. Some of it will be made on a lump sum payment basis. Some of it the producers themselves will elect to have made in annual payments, so we cannot tie it down to a specific fiscal year.

Mr. LEGGETT. What has been your experience with the producers as to which they will select?

Mr. GODFREY. I believe that I was told the other day that about 80 percent asked for the lump sum payment and the other 20 percent asked for annual payments.

Mr. LEGGETT. Of the 7 million acres, what percentage would you expect would go from the conservation reserve program into the cropland conversion program?

Mr. GODFREY. We have no way of knowing this right now. It would take almost an individual farm check to determine that.

Mr. HAGEN of California. Will you yield?

Mr. LEGGETT. Yes.

Mr. HAGEN of California. Is not the \$250 million figure an annual figure?

Mr. GODFREY. No, sir. This is the total for the 5- to 10-year contracts.

Mr. HAGEN of California. That is the total?

Mr. GODFREY. Yes, sir.

Mr. McINTIRE. If an individual farmer at this time had a conservation reserve contract which would expire in 1964, and you had this legislation available and wanted to take advantage of it, would he be eligible for another payment under the new program?

Mr. GODFREY. Not if the cover was already on the land. We would give him whatever cost-sharing practice was necessary to bring that up to a standard.

If it is in a standard cover now—some of this has been in for 5 years and some sod is not permanent to that extent—there may be some additional seeding that would be needed to bring it up to standard.

Mr. McINTIRE. Considering then the seeding and forest planting under the conservation reserve contract, if a farmer already had a contract in the conservation reserve, he would have to transfer over into the cropland conversion program with no practice payments and receive just a lump sum?

Mr. GODFREY. This is true insofar as sod is concerned, but not trees. We would not offer a man who has already a tree contract such.

Mr. McINTIRE. Certainly you would not set out additional trees.

Mr. GODFREY. No. We would not even offer him an extension of the contract, because that land is already out of production.

Mr. McINTIRE. But if he held a conservation contract and wanted to plant, you would provide some practice payments for additional acreage?

Mr. GODFREY. Additional acreage; yes, sir.

Mr. McINTIRE. But if he wanted to keep his property or the area under contract exactly as it is, would he still be eligible and would the difference be the rate of payment?

Mr. GODFREY. Yes, sir; that is right.

Mr. McINTIRE. You would propose to give him less?

Mr. GODFREY. Yes. Give him about one-half of what he is getting now.

Mr. McINTIRE. Thank you.

Mr. QUIE. Mr. Godfrey, you have talked about a figure of \$308 million for this.

Mr. GODFREY. About \$250 million is our estimate for the total cost of the program over the 5- to 10-year period.

Mr. QUIE. How do you get the \$250 million figure? If you multiply 7.5 million by this sum, you get more than that.

Mr. GODFREY. Some of this land we would not have to make a payment on other than the cost sharing. We have found this in our experience this year. If we follow the land classification system that is used in the Soil Conservation Service and the land classification capability is say 1, 2, and 3, we have to make a payment to get it out of production. And some land has capability of 4, but some land has capability of 5, 6, or 7, which the Soil Conservation Service determines is not suitable for continued production of row crops and small grain. Then we do not make an adjustment payment on it, but we assist him in cost sharing for establishing sod.

Therefore, we have not had to pay the full adjustment payment on some of that. And on others we have not had to pay the cost sharing, because the practice is already there.

Mr. QUIE. Then you would assume a lot higher for the 7.4 million acres not being used for row crops than in the case of the 140,000 acres presently in cropland conversions.

Mr. GODFREY. This would be an assumption. And we would assume also a larger percent in which we would not have to establish a practice.

Mr. QUIE. And then you would assume that payments have been too high since some of the conservation reserve was not cropland, when these contracts were written, in the true sense, but should have been grazing or tree land.

Mr. GODFREY. This we think we have adequately covered in our regulations and in our administration of the program. I will agree there was some land that, probably, had a higher payment rate made under the conservation reserve than absolutely necessary—to get it retired. The \$250 million that I was referring to actually was an estimate drawn up to cover about 6.3 million acres. There is a technical point in the bill here which says through December 31, 1964. This would not only cover the land coming out this year, but also would cover land that is coming out in 1964. And we would like this provision as it is now written, because it would permit us to discuss with the farmers next spring before they start breaking the land that is coming out next year—talking to them about their future plans.

Mr. QUIE. Why do you say 6.3 million?

Mr. GODFREY. 6.3 million of what is expiring this year of the original contracts, I mean 6.7 million. We believe that there are about 400,000 acres in trees or other uses, or which otherwise would not be eligible to come back in now.

Mr. QUIE. That still leaves about 600,000.

Mr. SHORT. Would this not be the land that is extended for 1 year?

Mr. GODFREY. The 700,000 extended for 1 year would add to this.

Mr. SHORT. Actually, the conservation program expires at the end of this year.

Mr. GODFREY. At the end of this year, that is right. It is the original expiration that I was talking about.

Mr. JOHNSON of Wisconsin. How much less do you pay a farmer if he puts his land into pasture rather than into other practices?

Mr. GODFREY. They have the authority for grazing it. And we enter into a contract to graze it. Now if he leaves it idle, this is perfectly all right. We do not pay him any more.

Mr. JOHNSON of Wisconsin. You pay him less than if he uses it for grazing?

Mr. GODFREY. Yes, sir.

Mr. JOHNSON of Wisconsin. If he does not graze it, what then?

Mr. GODFREY. He gets less, anyway, whether he grazes it or not.

Mr. QUIE. May we have the number of acres here that are out of production in 1963 under the feed grain program, and the average cost per acre of taking them out, and the number of acres that are out of production under the 1963 wheat program, and the average cost for the diversion payment on the wheat—may we have that information?

Mr. GODFREY. I would like to furnish that for the record. I do not have it right here. I can give you an estimate.

Mr. QUIE. If you will furnish it for the record that will be all right.

(The information referred to follows:)

The diverted acres under the 1963 feed grain and wheat stabilization programs and the average annual diversion payments per acre are as follows:

Program	Acreage diverted	Average diversion payment per acre ¹
	Million acres	
Feed grain.....	25.7	\$18
Wheat stabilization.....	7.8	22

¹ Preliminary.

(Subsequent to executive sessions the following letter and information were submitted by Mr. Godfrey:)

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE,
Washington, D.C., July 8, 1963.

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

DEAR MR. CHAIRMAN: In accordance with requests by the Committee on Agriculture during executive hearings on H.R. 6491 and H.R. 7154 on June 27, the following information is supplied:

1. The total payments to farmers under the conservation reserve program from 1956 through 1963 (program year basis) will be approximately \$1,848,850,000. The total of payments from 1956 through the final termination date of all conservation reserve contracts is expected to be about \$2,648,840,000. These amounts do not include approximately \$6,150,000 for 1963 land-use adjustment 1-year agreements on land released from conservation reserve contracts at the end of 1962.

2. The data requested with respect to our experience to date with the 1963 cropland conversion program are shown on the enclosed table. When final data are received for counties from which very few agreements are yet available, some of the averages will likely be somewhat different from those shown in the table.

Sincerely yours,

H. D. GODFREY, Administrator.

38 RECONTRACTING OF CONSERVATION RESERVE CONTRACTS

1963 cropland conversion program—Data illustrating experience to date,
by counties¹

State and county ²	Agreements tabulated	Cropland to be converted	Average proposed payments per acre to farmers ³		
			Adjust- ment pay- ments	Practice cost-shares	Adjust- ment plus cost-shares
	Number	Acres	Dollars	Dollars	Dollars
Georgia:					
Emanuel.....	14	381	46.43	11.60	58.03
Oconee.....					
Treutlen.....					
Walton.....	12	381	41.29	27.23	68.52
Idaho:					
Bingham.....	11	1,574	25.39	11.49	36.89
Bonneville.....	6	593	28.03	20.36	48.39
Caribou.....	9	872	34.20	6.75	40.95
Power.....	7	676	29.79	5.09	34.88
Iowa:					
Dallas.....	85	2,096	62.52	25.03	87.55
Polk.....	27	727	60.44	26.95	87.40
Kansas:					
Crawford.....	107	3,166	35.13	14.29	49.43
Jackson.....	85	3,282	31.49	10.96	42.45
Jefferson.....	62	1,896	37.59	5.40	42.99
Maine: Aroostook.....	309	18,715	42.63	10.80	53.43
Minnesota:					
Clearwater.....	60	2,053	27.40	18.85	46.25
East Polk.....	89	3,767	27.38	12.65	40.03
Mahnomen.....	80	4,061	30.44	21.52	51.97
Mississippi:					
Itawamba.....	105	2,067	40.67	12.50	53.17
Lee.....	92	2,562	40.45	14.28	54.73
Tippah.....	23	621	46.23	19.11	65.34
Union.....	131	2,727	37.73	21.46	59.19
Missouri:					
Lincoln.....					
Pike.....					
North Carolina:					
Cleveland.....	7	284	47.35	16.94	64.29
Cumberland.....	30	670	45.73	17.98	63.71
Rutherford.....	32	768	49.55	22.01	71.56
Sampson.....	37	536	46.56	25.33	71.89
North Dakota:					
Benson.....	110	7,850	25.28	9.91	35.19
McHenry.....	148	13,144	21.73	8.15	29.88
Pennsylvania:					
Bedford.....	2	115	36.02	23.65	59.67
Fayette.....					
Fulton.....					
Somerset.....	5	275	35.15	27.31	62.46
Westmoreland.....					
Utah:					
Juab.....	20	1,701	23.75	23.30	47.06
Millard.....	44	4,233	23.09	12.64	35.73
Sanpete.....	40	3,832	21.99	11.97	33.96
Wisconsin:					
Buffalo.....	38	1,038	31.98	34.51	66.49
Jackson.....	12	722	31.41	28.96	60.36
Pepin.....	16	430	34.48	34.79	69.27
Trempealeau.....	30	986	26.75	44.31	71.06
Total.....	1,885	88,801	32.94	13.78	46.72
Pilot recreation projects ⁴	30	3,492	29.94	27.02	56.96

¹ Based on tabulated data for about 2/3 of the total number of agreements expected to be entered into nationally. See footnotes 2 and 4 below.

² County data given for general pilot counties, in which cropland may be converted to sod, woodland, or wildlife and recreational uses. Data not yet available for some counties and only limited data now available for some other counties.

³ These averages represent the total payment per acre for the full term of the agreements (5 to 10 years).

⁴ These projects (not in the general pilot counties listed above) provide only for conversion to recreational uses. Projects included here are located in the following counties—Arkansas: Crittenden, Polk, St. Francis and Searcy; California: Fresno, Kern, and Solano; Colorado: Teller; Connecticut: Litchfield; Florida: Holmes and Lafayette; Kentucky: Webster; Michigan: Calhoun; Minnesota: Washington; Montana: Chouteau; Nebraska: Gage and Greeley; Ohio: Lawrence; Oklahoma: Major and Pushmataha; Pennsylvania: Warren; Texas: Wharton; and Utah: Rich.

The CHAIRMAN. Thank you very much for your appearance, Mr. Godfrey.

We will now adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 11:45 a.m., the committee was in recess, to reconvene at 10 a.m., Tuesday, June 25, 1963.)

RECONTRACTING OF CONSERVATION RESERVE CONTRACTS EXPIRING IN 1963 AND 1964

TUESDAY, JUNE 25, 1963

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

The committee met at 10:20 a.m., pursuant to recess, in room 1310, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Grant, Gathings, Abernethy, Abbutt, Jones of Missouri, Hagen of California, Johnson of Wisconsin, Matthews, Stubblefield, Harding, Hagan of Georgia, Purcell, Morrison, Duncan, Olson of Minnesota, Leggett, Matsunaga, Hoeven, Dague, Belcher, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey of Indiana, Findley, Dole, Beermann, and Hutchinson.

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

The CHAIRMAN. The committee will be in order.

We have, as our first witness this morning, Mr. John C. Lynn, legislative director of the American Farm Bureau Federation.

Mr. Lynn, we will be glad to hear you now, sir.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR; ACCOMPANIED BY HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Thank you, Mr. Chairman and members of the committee. I would like to have accompany me, at the table here, Mr. Herbert Harris, our legislative counsel.

We appreciate this opportunity to present a brief statement with regard to the pending legislation before the committee dealing with the land use adjustment title of the Agricultural Act of 1962. As this committee is well aware, we have had a longtime interest in soil and water conservation, and have supported the conservation reserve program, and are currently supporting legislation that provides for further retirement of a substantial acreage of cropland.

As we understand the bills currently before the committee, they would remove the \$10 million limitation contained in section 16(e) (7) making available such sums as the Congress might appropriate for this purpose.

H.R. 7154 would authorize the Secretary to enter into agreements to convert the acreage now in the conservation reserve into the "crop-

land conversion" program. If we understand the testimony of the Department before this committee yesterday, it would free up the acres now in the conservation reserve, to be used for grazing purposes.

We believe it is unwise to remove the \$10 million limitation on programs carried out under section 16(e) (7) of the Soil Conservation and Domestic Allotment Act for 1964 and subsequent calendar years. Since a large number of contracts under the conservation reserve program are expiring, we believe a better approach to the problem would be to give the Secretary the authority to extend such contracts for 3 years. The following suggested legislation would accomplish this:

The effect of this legislation is to give authority over the next 4 years to the Secretary of Agriculture to extend these contracts for a 3-year period, with a special emphasis on keeping down objectionable weeds.

The effect of this legislation would be that the Secretary would renegotiate rental rates on a competitive bid basis with these farmers and ranchers who are now under the conservation reserve program. But the effect would be to continue to avoid the grazing of these acres.

The CHAIRMAN. May I interrupt you?

Mr. LYNN. Yes, sir.

The CHAIRMAN. We have two bills before the committee; one is a long-term proposition and the other is for 1 year.

What do you think about the bill which extends the program for 1 year, instead of 4 or 5 years?

Mr. LYNN. I think it takes off the limitations. As you know, Mr. Cooley, we did not support title I of the Agricultural Act of 1962.

The CHAIRMAN. We would like to have your comments on H.R. 7154—that is what I am asking about.

Mr. LYNN. It simply gives the Department of Agriculture the authority to renegotiate these contracts from the conservation reserve concept to the cropland conversion program. And, as Mr. Godfrey made perfectly clear yesterday, it is their intention to use these lands for pasture, to be grazed. This is what gives us great concern.

The CHAIRMAN. In other words, your one objection to the bill is that under the testimony by Mr. Godfrey yesterday he would permit these retired lands to be grazed?

Mr. LYNN. That is right.

The CHAIRMAN. Whereas now the land is not grazed and is not to be used for grazing purposes?

Mr. LYNN. That is right.

The CHAIRMAN. With that one exception would you favor the extension of the program for 1 year?

Mr. LYNN. We would favor it for 3 years under that condition.

The CHAIRMAN. In some areas, this program has been operating very successfully. This land is now out of production, and is going back into production; is that your objection?

Mr. LYNN. Let me call your attention to table 2 of our statement. The reason we are suggesting more than 1 year is the fact that this is a continuing problem.

As you will see, in 1963, on December 31, there will be 7 million-plus acres coming out. And each year thereafter there is a continuing larger number of acres coming out.

In order for the committee not to have to deal with this problem every year we are suggesting that a 4-year authority be given. You see that when you get up to 1968 you have another big problem there with about 6 million more of these acres of land coming out.

We would support your bill with the grazing limitation on it.

The CHAIRMAN. The point is that we will not permit this land to be used. I believe that I started a discussion yesterday when I asked if the grower-farmer would be required to keep the land free from noxious weeds, insects, and so forth, and the answer was that he would be required to keep it free from noxious weeds, insects, rodents, and the like.

I did not know we had indicated that it would be used for grazing purposes. However, if he is permitted to use it for grazing purposes there will be more inducement to the farmer to put the land into the program.

You say that you object to using the land for grazing purposes.

Mr. LYNN. Should not be harvested or grazed.

The CHAIRMAN. Other than that, you are in favor of the bill?

Mr. LYNN. That is right.

The CHAIRMAN. You also say that you are in favor of extending the program if the committee will leave out that provision?

Mr. LYNN. That is right.

The CHAIRMAN. If you would like to finish your statement you may do so.

Mr. LYNN. Thank you.

The CHAIRMAN. Mr. Jones?

Mr. JONES of Missouri. One of the purposes of permitting grazing is that the Government would be paying a less amount for the land. And if you do not do something like that then this land would go back into feed grains and then you have the same problem there that you have in grains now—you might have a more serious thing than you would if you permitted grazing.

Mr. LYNN. Mr. Jones, what we are suggesting is that these contracts be extended. The current cost is about \$12 per acre per year under the conservation reserve program. We think that this is high, but it would be far cheaper—

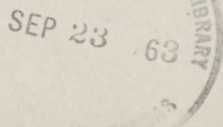
Mr. JONES of Missouri. It may be too high?

Mr. LYNN. It may be higher than it is necessary or needs to be, but in comparison—

Mr. JONES of Missouri. Is it too high?

Mr. LYNN. Compared with the amount we are paying trying to get the farmers not to grow feed grains it is very reasonable. Now for a farmer in the Midwest, for example, the most feed units you can produce on an acre of land outside of corn is alfalfa for pasture, and under the provisions of the bill as introduced and discussed yesterday it could be put into alfalfa for pasture. Thus, with the dairy surplus that we have and with the beef cattle prices down, we now have about 55 million acres in the Nation now in cropland and pasture, if we released this 7 million acres and in future years more and more acreage, we are going to throw an additional burden on the livestock and dairy people that will be unfair.

Mr. JONES of Missouri. How much of that land would be adaptable for alfalfa pasture?



Mr. LYNN. Well—

Mr. JONES of Missouri. I do not think that you would have very much.

Mr. LYNN. I do not know, but this land in some cases has been idle now for 3 or 4 years, with a good cover on it.

Mr. JONES of Missouri. And it is not all alfalfa?

Mr. LYNN. No, but it has a good cover.

Mr. SHORT. Some of it is—a lot of it is.

Mr. JONES of Missouri. A whole lot of it is in areas where you could not grow alfalfa, could you?

Mr. SHORT. I suppose, if the chairman will yield—and if the gentleman will yield—I suppose that our State is one of those areas where alfalfa does not readily grow on dry land, but almost every acre that was ever put into the soil bank in North Dakota was a pasture of grass and alfalfa, and on much of that land there is a lot of alfalfa growing today. This is going to be high carrying capacity, high productive grazing land. And I think that the point Mr. Lynn is making here is an extremely important one, and it is going to be one that the livestock interests of the country are going to be extremely concerned about. And I think with justifiable reason, since here is an attempt to try and help solve the surplus problem of feed grains and wheat and we are actually creating an additional problem for the dairy and livestock people.

Mr. JONES of Missouri. If it goes out of conversion, though, it is going to go into feed grains, is it not?

Mr. SHORT. Possibly.

Mr. JONES of Missouri. Would it not do that?

Mr. SHORT. I do not think that this is quite the point. We are considering here how to keep it out of production. I think we have a history that has shown us that this land can be kept out of production at a rather minimal cost. I think the land could be kept out of production for a cost even below the present rate of payment under the soil bank program. I think the Secretary should be authorized to negotiate with the owners of the land that is presently in the soil bank. I think that on much of that land the contract could be extended at a lower rate. And No. 2, I think that we should recognize that there is merit in trying to provide some use for the land that is retired from crop production, but if we are going to permit some degree of use let us make an adjustment in the payment.

What I am saying is that if we are going to put or permit grazing on this land, let us make the payment lower than in an instance where it is not permitted.

The CHAIRMAN. That is exactly what is proposed.

Mr. SHORT. Not so far as I know.

The CHAIRMAN. We are paying almost \$12 an acre now. I understand that under this bill before us we will pay about \$7 per acre.

Mr. SHORT. Every single acre of land that is now in this new crop conversion program is available for grazing. There are 20,000 acres that were put into the program last year in North Dakota, and grazing is permitted on every single acre.

The CHAIRMAN. They told us yesterday and Mr. Lynn told us this morning that you are not permitted to graze that land.

Mr. LYNN. This is land that came out of the contract in 1961 and 1962.

Mr. SHORT. This is under the new cropland conversion program.

The CHAIRMAN. How much do we pay per acre on that land?

Mr. SHORT. I do not have the figure on it.

The CHAIRMAN. Why should the Government pay you anything if you take it out of the program?

Mr. SHORT. This is a real good question, Mr. Chairman.

Take my own ranch as an example. We are in the ranching business and we are also farmers and raise feed. I could be paid for retiring my cropland and use it for grazing. Does this make sense? I do not believe that it does.

The CHAIRMAN. If the contract expires you would not be able to convert it to grazing.

Mr. SHORT. Mr. Chairman, we are talking here in 1 year about 7 million acres. And this is high-capacity grazing land.

The CHAIRMAN. Do you wish to put in a provision against the grazing? That appears to be the point at issue in the consideration of this bill.

Mr. SHORT. I would certainly put in some provision, Mr. Chairman, to temper the incentive to graze in the way of reduced payment where the land was to be grazed.

The CHAIRMAN. What do you mean by that—do you mean to prohibit grazing or not?

Mr. SHORT. I would be glad to prohibit grazing entirely.

The CHAIRMAN. That is what you think should be done?

Mr. LYNN. That is right. Let me just explain, if the alternative was to let this land be grazed or to go back into feed grains, I think that the answer is obvious, Mr. Jones.

Mr. JONES of Missouri. What is the answer then, that you would rather graze it?

Mr. LYNN. That is not the alternative we have.

Mr. JONES of Missouri. That is the way it seems to me. Then what is the alternative?

Mr. LYNN. No, sir. The alternative is to extend it in the present form, the present contracts, and to renegotiate to the lowest dollar that we can get it for and not to graze it. This is the alternative we have, Mr. Chairman. I want to finish if I may.

Mr. ABERNETHY. May I ask you a question?

Mr. LYNN. Yes.

Mr. ABERNETHY. At what average level do you think these contracts could be renegotiated?

Mr. LYNN. Well, the current rate nationally, Mr. Abernethy, is \$11.85 per acre, based on some preliminary checks that we made last year on this. We believe they could be extended at the current rate or lower.

Mr. McINTIRE. Will you yield?

Mr. ABERNETHY. Yes, although I do not have the floor.

Mr. McINTIRE. I have a county in my State where the cropland conversion program was put into effect as one of the pilot counties. To the extent which there is a comparison between the conservation reserve contract and the cropland conversion contract, there is a difference of about \$6 an acre.

Mr. ABERNETHY. What is the maximum?

Mr. McINTIRE. \$15.15 under the conservation reserve program and \$9.20 under the cropland conversion program.

Mr. LYNN. Let me point out something in connection with that. When you go to a farmer and say, "Now, we will build you a fish pond over here and we will pay 50 percent of the cost of converting this land to sod if you will rent these 30 acres over here that is now under the conservation reserve program for \$7 an acre," it is quite a different matter than to say, "We want to rent your whole farm or all of your crop acres." Keep in mind that 71 percent of the acres we are talking about now is in whole farms. This is not just little patches of land.

The CHAIRMAN. It has been pointed out that this land which will be permitted to come out of the program will be more competition for the livestock and dairy people.

Mr. LYNN. We are not for that.

The CHAIRMAN. We are not for that, either. Now the Department proposes that this program which reduces the cost from \$11 to about \$7 an acre would permit grazing. That is a substantial reduction in the cost of the program.

Mr. LYNN. Well, I think we should consider what is now being spent to try and control production. In the eight Midwestern States, 2,200,000 acres of these 7 million acres will come out this year to be used as the Department indicated yesterday. In these same eight Midwestern States in 1962 we paid the farmers \$430 million not to grow feed grains.

The CHAIRMAN. That is at a rate greater than the \$7 an acre.

Mr. LYNN. My only point, Mr. Chairman, is that we are talking about the difference between \$11 and \$7 an acre rental on this and that is a small amount when related to the vast expenditures under the feed grain program.

The CHAIRMAN. We are talking about \$12 and \$7, which makes for a \$5 difference per acre.

Mr. LYNN. I say that you cannot substantiate the fact except on a pilot basis that you can rent this land for \$6 or \$7 an acre.

The CHAIRMAN. They referred to this as a pilot program in 1963. And the suggestion now—and this did not come from the Department, but I think that I suggested it—is that we do it for 1 year and let us talk about a long-range program.

Mr. LYNN. Our bill we think, Mr. Chairman—

The CHAIRMAN. What?

Mr. LYNN. The bill, the language that we suggest here, we think would do this without any difficulty.

The CHAIRMAN. You come up here every time with "our bill." Sometimes I hope that you could come up to this committee and support the committee bill.

Mr. LYNN. Make it your bill.

The CHAIRMAN. You always come up with "our bill," the "Farm Bureau bill," and state that "we want our bill and nothing else." You have not gotten many of your bills through this committee in recent years. Why do you not start cooperating with us and other agencies of the Government and other farm agencies in trying to get a bill?

Mr. LYNN. This bill does not—we are only trying to be helpful to the committee.

The CHAIRMAN. You said “our bill.” You can put your name on my bill, so far as I am concerned.

Mr. LYNN. You introduce it and we will be for the “Cooley bill.” [Laughter.]

I would like to be for a Cooley bill once.

The CHAIRMAN. I do not want a Cooley bill, I want a bill for the American farmer.

Mr. LYNN. That is all we are trying to do.

The CHAIRMAN. The Department officials said that we should do something now, because this land is coming out and the people will start plowing it pretty soon.

Mr. LYNN. Mr. Chairman, we were before this committee 2 years ago urging that this conservation reserve contract authority be extended. Why all of a sudden does it become so important to the Department of Agriculture? We have known, and every one of us has known that these contracts were expiring as per the schedule attached to our statement.

The CHAIRMAN. We know that 2 years ago you said that you were right. Now you come up and say that the Department is not exactly right.

Mr. Dole wants to ask you some questions.

Mr. DOLE. I think that you are not for extending the cropland conversion program, but you are for extending the conservation program?

Mr. LYNN. That is right.

Mr. DOLE. There is a difference. That is a question I asked Mr. Godfrey yesterday, whether the \$7 an acre does include the cost of fish ponds and other recreation area projects. I asked for one example in Kansas and he did not have any.

I think that we will have to know the total cost, not just the cost plus three or four other items. I do not think they have substantiated the \$5 or \$10 an acre, either.

The CHAIRMAN. Mr. Hoeven?

Mr. HOEVEN. I wish you would place a little more emphasis and explain the impact of putting all of this land into grazing, and its impact on the livestock industry. Today, we have the largest livestock population in the history of our country. And under the new proposal practically all of the land coming out of the conservation reserve program will go into grass and be used for grazing purposes.

In Iowa acres taken out will naturally go into grass. That in turn means more livestock and ultimately lower livestock prices.

Mr. LYNN. It is very hard to measure the impact of a thing like this accurately, and the only way I know to get at it is this—we now have roughly 55 million acres of cropland pasture. Under the terms of the bill that we are discussing it would release over a period an additional 26 million acres that could be used for cropland pastures. Since this is the real basic ingredient for livestock and dairy production it seems to us that over the long pull it would be bound to have an effect on the increased production of both beef and milk.

The CHAIRMAN. What are you for?

Mr. LYNN. We are for extending these conservation reserve contracts.

Mr. HOEVEN. As I understand it you are in favor of the Department negotiating with the individual farmers?

Mr. LYNN. That is right—that is exactly right.

Mr. HOEVEN. Negotiating might well result in a lower cost figure?

Mr. LYNN. We think it would be.

Mr. JOHNSON of Wisconsin. As far as allowing the farmer to come under the program and to let him graze, now most of the farms have put their land into grazing and do not get any payments for it, and this would give a chance to the farmer to get grazing without paying for it. That is for this land coming out.

Mr. LATTA. Along the lines of what Mr. Johnson has said, that may be apropos of my State of Ohio. When this program first came out farmers said, "Here is something that I have been doing right along. We rotate our crops in Ohio and we put so much in, anyway."

I think a lot more of these farmers will go back into dairying in Ohio, especially in my area, if we pay them for taking land out of production and still permit grazing.

Mr. JOHNSON of Wisconsin. I know that all of the farmers in Wisconsin who did go into the conservation reserve program do not have cattle on this land now. They had cattle on that land before.

Mr. OLSON. I believe it is important to point out, Mr. Johnson, that we are only allowing this land to be grazed. We must have hay and feed in the wintertime. In Wisconsin and Minnesota we cannot have a big bunch of cows around for 4 months and not then have someplace to house them and to feed them through the wintertime. We are not opening up Pandora's box with this.

I would like to finish by saying this, that as far as the soil bank program is concerned I campaigned against it and in Minnesota there is agreement, whether it was the farmer himself who was participating in the conservation reserve program or the farmer who was not, that they do not agree with the idea that they should be paid for doing nothing. I think we are taking a step in the right direction of compromising this thing so that we take this land out of the production of feed grains and still have land use to keep people on the farms, to help the communities to stay there and prosper.

I believe that we are taking a positive step and that farm programs cannot long exist by going to the American public and saying, "Just relax and move off and we will pay you for doing this."

Mr. ABERNETHY. Mr. Lynn, suppose the land was put into trees or recreation, how would you feel about the Department's recommendation on that? That would not be too much competition with anyone. Certainly, if this would be put into recreation at a lesser cost of \$7 per acre, it would be all right, would it not—you would not object to that, would you?

Mr. LYNN. We would not.

Mr. ABERNETHY. What about putting it into trees?

Mr. LYNN. All right.

Mr. ABERNETHY. It is only when they put it into grazing that you object?

Mr. LYNN. That is right.

Mr. ABERNETHY. You have no objection to the conversion of the land to forests or for recreation?

Mr. LYNN. No.

The CHAIRMAN. You are proposing now that we do not pay the farmer—that we do nothing. Is that not the essence of what you are saying? You are proposing that?

Mr. LYNN. No. Let me answer Mr. Abernethy if I may.

Mr. BELCHER. Under the crop conservation program we are financing the man to go into the cattle business. We pay him for his land and we let him use it for no cost. You are financing him to go into business in competition with the man who is already in it.

The CHAIRMAN. Just a minute. I understand that the present program does not permit grazing.

Mr. BELCHER. You cannot finance a man to go into the cattle business, but under the cropland conversion program you can rent a man's land and he can put it into pasture and make use of that to go into the cattle business with Government support.

The CHAIRMAN. We are not talking about that. We are talking about grazing. You pay him \$10 an acre and you do not permit him to graze.

Mr. LYNN. There are two programs.

The CHAIRMAN. We are talking about the one program now.

Mr. LYNN. May I elaborate, Mr. Chairman, on Mr. Abernethy's statement? He summarized it better than I could. Let me give you an example of what we mean. Let us take, for example, a farm of 100 acres that is now all in the conservation reserve. The Secretary of Agriculture has two authorities currently. He has an authority to enter into contracts for cropland conversion on these farms, and this includes recreation, trees, swimming pools, or whatever he can work out with this farmer. What we are proposing is that he renegotiate for, let us say, for the 80 acres of a continuation of the conservation reserve program without grazing or harvesting. Now, on the other 20 he could negotiate a contract whereby he would build a swimming pool and put in a fish pond or a golf course or whatever he chooses to do.

So you have two separate programs here as far as we are concerned.

Under our—excuse me—under this language that we have suggested, in trying to be helpful to the committee, he would have that alternative.

The CHAIRMAN. Let me say one more thing. The Farm Bureau's proposal is that you are going to pay \$12 to \$14 for the land to rent it and lock it up, and under the proposal we are talking about now you pay \$5 to \$7 per acre and you let him run cows on it. The expense will be negligible relating to the livestock and dairy and other parts of agriculture. That is what the Department is suggesting.

The question is whether it is right or wrong.

Mr. LYNN. We do not agree with that.

The CHAIRMAN. You do not agree?

Mr. LYNN. We do not agree with the Department with regard to their recommendation on this.

The CHAIRMAN. I understand that you do not agree with the Department, you oppose it. You would pay \$11 or \$12 per acre for this land to lock it up and put it out of use?

Mr. LYNN. That is right.

Mr. ABERNETHY. Is it your opinion that a considerable percentage of this land will not go back into anything, assuming no program at all?

Mr. LYNN. I think it will.

Mr. ABERNETHY. You want to have a percentage of it?

Mr. LYNN. I would not, Mr. Abernethy. I do not know about your part of the country, but in the part of the country that I come from, South Carolina, there is a tremendous number of these acres that will never go back into anything.

Mr. ABERNETHY. Is it in weeds?

Mr. LYNN. Weeds and little pines and sassafras bushes, and Bermuda grass. It would be ideally suited to go back into cropland pasture, but I doubt if it would.

Mr. ABERNETHY. You would agree then that the enactment of this program, that is, under it, some of this land might go back into income farming?

Mr. LYNN. That is right.

Mr. ABERNETHY. Would you think that there would be an appreciable amount of it?

Mr. LYNN. We can be sure, Mr. Abernethy. If you will look at these tables that we have attached to our statement you will note that the biggest bulk of this acreage that is out is in real good farming country, such as Kansas.

Mr. ABERNETHY. As a rule it is poor land?

Mr. LYNN. As a rule, I think this is right.

Mr. ABERNETHY. That is all.

The CHAIRMAN. Mr. Hagen?

Mr. HAGEN of California. Apropos of what Mr. Abernethy and Mr. Olson stated, you said that 71 percent of the contracts were in whole farms?

Mr. LYNN. That is right.

Mr. HAGEN of California. Do you have any data as to whether the farmers are still living on the farms doing nothing or did they move away—what happened to them?

Mr. LYNN. I do not have any data on that. I know that a lot of these farmers are still living out there, but I do not have any summary for the United States.

Mr. HAGEN of California. They have retired—they must be working someplace. There is another factor in that they have allotments with respect to some crops formerly grown on these acres, and the pressure would be to go back to the allotment crop, would it not?

Mr. LYNN. That is right.

Mr. HAGEN of California. They would go into production of those crops—some of them would.

Mr. LYNN. Yes.

The CHAIRMAN. Are there any further questions?

(No response.)

The CHAIRMAN. Do you want to make any further statement?

Mr. LYNN. Mr. Chairman, I would just like to suggest that we think that it would be a terrible mistake to let this acreage come back now into grazing crops. It may be that in 2 or 3 years from now when the livestock and dairy situation has improved sufficiently that this acreage coming back in would not have the adverse effects that we think it will have if released now.

And we are for you doing something to hold these acres out of production, that is the reason we have made our suggestions.

Thank you.

(The statement of Mr. Lynn follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION WITH REGARD TO
H.R. 6491 AND H.R. 7154, SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT,
BY JOHN C. LYNN, LEGISLATIVE DIRECTOR

We appreciate this opportunity to present a brief statement with regard to the pending legislation before the committee dealing with the land use adjustment title of the Agricultural Act of 1962. As this committee is well aware, we have had a longtime interest in soil and water conservation and have supported the conservation reserve program, and are currently supporting legislation that provides for further retirement of a substantial acreage of cropland.

As we understand the bills currently before the committee, they would remove the \$10 million limitation contained in section 16(e) (7), making available such sums as the Congress might appropriate for this purpose.

H.R. 7154 would authorize the Secretary to enter into agreements to convert the acreage now in the conservation reserve into the "cropland conversion" program. If we understand the testimony of the Department before this committee yesterday, it would free up the acres now in the conservation reserve, to be used for grazing purposes.

We believe it is unwise to remove the \$10 million limitation on programs carried out under section 16(e) (7) of the Soil Conservation and Domestic Allotment Act for 1964 and subsequent calendar years. Since a large number of contracts under the conservation reserve program are expiring, we believe a better approach to the problem would be to give the Secretary the authority to extend such contracts for 3 years. The following suggested legislation would accomplish this:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 and following), is amended as follows:

"(1) By adding to the end of section 107 (b) (2) the following: 'Before extending contracts with producers as provided in section 109 (a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be determined in accordance with the considerations established in this section and adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.'

"(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: 'The Secretary is authorized further during the four-year period 1963-1966 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending three years after the original termination dates of such contracts.'

"(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: 'except as extended as provided in subsection (a) and'.

"(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: 'and other objectionable weeds.'"

As indicated in attachments 1, 2, and 3 there is considerable acreage of land that has been retired under the conservation reserve program that will be coming out of retirement at a very rapid rate in 1963 and subsequent years. This land was retired at an average cost of \$11.85 per acre; and we believe that most of these farmers and ranchers who now have these contracts would extend such contracts for a longer period. The cost per acre of the land being taken out under the feed grain program in 1961 was \$27.35. The costs per acre in 1962-63 are even higher.

We call attention to the fact that over 2,200,000 acres of the land that will come out of the conservation reserve at the end of 1963 is in the Midwest area. This happens to be where much of the money is being spent under the current feed grain program. In some cases the payments per acre under the feed grain program are as much as five times as great as the annual rental payments if the conservation reserve contracts could be extended in about their present form.

The livestock industry, by and large, has suffered as a result of the past acreage allotment and marketing quota program, in that the land converted from these crops has gone into production of feed. It seems to us to be very unwise

to now shift these millions of acres out of the conservation reserve into improved pasture to be grazed. We think that this will greatly aggravate the present live-stock and dairy situation.

It seems to us that as long as we have a land retirement program, it is only good logic that we keep under contract (which prevents harvesting or grazing) the cropland that is now in the conservation reserve.

We call the committee's attention to the fact that some 20.3 million acres that were in the conservation reserve in 1961 were whole farms—this is 71 percent of the acreage contracted in this program.

At a time when we are still producing in excess of effective market demand, it would seem very unwise to allow this land to come back into production if in fact the farmers wish to keep it out at approximately the rental rates currently in effect. It will be far cheaper to extend these contracts than to enter into new ones under the provisions of the Agricultural Act of 1962 and these bills, or the year-to-year contracts that are currently in effect under the feed grain program.

TABLE 1.—1960 conservation reserve—Cumulative participation as to number of counties, farms, payees, reserve acres, and rental payment by States¹

State	Counties having contracts	Farms having contracts	Estimated payees	Reserve acres	Rental obligation for 1960 ²	
					Total	Per acre
Alabama.....	67	8,338	8,550	410,033	\$5,080,825	\$12.39
Arizona.....	3	66	82	7,775	104,112	13.39
Arkansas.....	74	9,518	10,016	604,262	7,272,459	12.04
California.....	46	1,089	1,265	204,666	2,637,275	12.98
Colorado.....	50	4,760	5,861	1,295,917	9,944,168	7.67
Connecticut.....	8	196	196	4,702	91,575	19.48
Delaware.....	3	284	304	18,420	306,854	16.66
Florida.....	39	2,185	2,235	229,384	2,198,019	9.59
Georgia.....	158	15,227	15,847	1,061,731	12,146,685	11.44
Idaho.....	38	1,533	1,802	293,522	3,536,909	12.05
Illinois.....	102	6,140	6,766	440,425	7,592,183	17.24
Indiana.....	92	7,924	8,280	494,338	9,093,872	18.40
Iowa.....	100	7,726	8,557	663,087	12,017,608	18.12
Kansas.....	105	12,637	15,696	1,446,586	17,220,382	11.90
Kentucky.....	104	5,493	5,719	386,872	6,290,139	16.26
Louisiana.....	49	3,279	3,520	218,257	2,965,689	13.59
Maine.....	16	2,671	2,689	123,243	1,419,203	11.52
Maryland.....	23	1,484	1,574	84,753	1,437,538	16.96
Massachusetts.....	12	109	109	2,854	44,037	15.43
Michigan.....	83	11,706	11,913	720,985	9,437,842	13.09
Minnesota.....	88	20,772	22,012	1,944,476	21,835,752	11.23
Mississippi.....	82	5,826	5,909	335,277	4,537,377	13.53
Missouri.....	114	10,974	11,657	832,313	11,768,058	14.14
Montana.....	51	2,053	2,350	629,919	5,717,448	9.08
Nebraska.....	92	7,419	8,808	880,308	10,562,523	12.00
Nevada.....	10	447	447	11,768	156,255	13.28
New Hampshire.....	16	1,081	1,086	50,041	876,807	17.52
New Mexico.....	23	3,510	4,382	866,798	7,067,010	8.15
New York.....	53	9,683	9,790	508,358	6,493,472	12.77
North Carolina.....	99	7,831	8,067	271,207	4,123,337	15.20
North Dakota.....	53	12,291	15,600	2,704,754	27,053,169	10.00
Ohio.....	88	8,959	9,195	524,785	9,044,126	17.23
Oklahoma.....	77	16,974	19,851	1,491,328	15,977,045	10.71
Oregon.....	33	2,315	2,534	236,350	3,349,088	14.17
Pennsylvania.....	66	7,375	7,488	373,093	5,758,347	15.43
Rhode Island.....	3	4	4	62	1,233	19.89
South Carolina.....	46	11,891	12,237	637,943	8,146,954	12.77
South Dakota.....	67	10,962	13,843	1,807,541	18,551,872	10.26
Tennessee.....	94	7,983	8,327	499,366	7,483,892	14.99
Texas.....	239	33,778	40,578	3,667,420	39,006,980	10.64
Utah.....	22	972	1,104	237,675	2,049,973	8.63
Vermont.....	14	989	995	32,523	429,721	13.21
Virginia.....	95	2,432	2,478	117,228	1,869,921	15.95
Washington.....	38	2,260	2,708	340,185	4,334,449	12.74
West Virginia.....	51	1,820	1,859	59,208	893,610	15.09
Wisconsin.....	71	12,662	12,913	763,468	10,511,801	13.77
Wyoming.....	16	554	624	124,767	1,087,847	8.72
United States.....	2,873	306,182	337,887	28,659,973	339,546,341	11.85

¹ All data are as reported July 15, 1960, and are cumulative for all 1956-60 contracts in force at that time.

² Net disbursements are somewhat less than obligations due to violations, penalties, and terminations. Due to controversies surrounding such cases some disbursements and penalty refunds are not resolved for several years.

TABLE 2.—1956-61 conservation reserve program—estimated reserve acres for which contracts expire each year, by States¹

State	Acres released as of Dec. 31										Total acres in reserve
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Northeast area:											
Connecticut.....	119	29	2,838	619	36	13	53	513	461	---	4,681
Delaware.....	356	95	8,662	3,023	92	352	166	5,053	524	---	18,323
Maine.....	7,725	8,148	19,359	16,584	173	1,636	8,586	31,740	27,867	756	122,554
Maryland.....	7,694	2,660	43,638	13,093	185	914	1,010	10,674	---	---	84,592
Massachusetts.....	73	28	1,254	380	27	25	10	455	4,442	---	2,694
New Hampshire.....	28	25	1,307	509	---	---	177	5,116	4,561	---	11,763
New Jersey.....	2,367	1,297	26,260	14,675	29	249	86	2,134	2,086	---	49,133
New York.....	29,741	15,657	147,679	75,619	1,111	5,349	7,267	107,372	106,467	6,084	502,337
Pennsylvania.....	16,336	7,926	130,697	82,492	615	1,713	2,491	56,236	53,602	54	396,162
Rhode Island.....	18	---	11	25	---	---	---	---	---	---	---
Vermont.....	31	44	4,011	2,497	220	155	1,359	13,398	10,946	---	32,661
Virginia.....	8,173	1,436	42,838	22,567	1,178	1,496	1,466	22,921	13,600	---	115,315
West Virginia.....	1,260	808	22,424	11,305	292	79	1,429	13,438	7,240	---	58,275
Southeast area:											
Alabama.....	8,148	3,534	81,911	40,292	382	17,911	29,982	133,577	92,198	---	407,935
Arkansas.....	25,351	19,888	198,871	83,386	1,338	7,494	24,827	159,785	77,700	---	598,390
Florida.....	6,924	3,170	12,818	18,533	1,338	38,851	21,543	68,439	58,554	---	229,208
Georgia.....	16,543	11,774	103,669	74,593	1,406	7,366	152,108	372,116	255,410	---	1,050,063
Louisiana.....	4,011	2,258	94,328	28,932	1,444	6,884	30,158	69,013	24,825	---	219,063
Mississippi.....	27,542	21,432	127,253	59,672	1,071	12,309	15,980	65,489	25,297	191	324,236
North Carolina.....	3,851	3,433	70,253	59,613	300	12,858	15,457	73,354	30,337	---	299,635
South Carolina.....	9,367	4,898	54,759	45,921	456	21,649	60,761	201,100	227,950	---	635,861
Tennessee.....	12,994	12,885	152,556	78,738	1,468	8,472	14,323	134,003	80,738	---	495,877
Midwest area:											
Illinois.....	11,835	2,846	275,624	87,183	918	2,032	749	43,734	11,445	345	436,711
Indiana.....	18,251	4,332	267,069	118,895	4,290	1,169	437	54,322	24,520	---	438,285
Iowa.....	47,794	13,789	372,195	168,150	2,308	1,026	942	34,968	17,019	---	658,231
Kentucky.....	8,794	3,949	188,804	68,802	1,085	1,349	2,218	99,962	32,911	---	387,806
Michigan.....	38,012	15,614	286,739	162,434	1,410	8,100	5,330	96,804	93,726	---	708,070
Missouri.....	33,645	30,727	283,410	160,407	2,095	5,568	4,270	221,317	87,323	---	828,862
Ohio.....	21,504	6,663	246,321	140,062	1,010	1,254	792	50,552	48,411	50	516,619
Wisconsin.....	42,657	14,004	306,083	171,622	1,026	11,831	6,927	105,678	88,987	105	748,920
Northwest area:											
Idaho.....	13,397	6,421	93,620	44,255	2,507	6,535	1,485	83,748	39,347	225	291,540
Minnesota.....	194,766	167,131	607,352	186,368	8,894	189,556	136,809	304,267	105,984	2,049	1,903,176
Montana.....	29,988	14,503	142,191	59,587	2,921	13,891	14,450	224,883	124,989	---	627,403
Nebraska.....	42,435	17,022	349,887	144,540	2,488	10,124	7,396	218,394	83,839	---	876,125
North Dakota.....	199,692	130,617	513,792	402,433	8,316	199,864	129,771	571,752	548,512	---	2,704,719
Oregon.....	19,096	10,365	84,959	36,372	1,418	8,987	6,453	40,714	24,735	---	233,069
South Dakota.....	151,661	85,374	410,602	335,511	5,911	54,448	37,831	435,490	315,245	---	1,822,073
Washington.....	9,860	13,761	114,298	45,332	3,871	3,056	10,971	95,616	39,269	---	336,034
Wyoming.....	14,322	2,935	32,503	10,756	---	3,827	1,396	44,342	14,325	---	124,404

See footnotes at end of table.

TABLE 2.—1956-61 conservation reserve program—estimated reserve acres for which contracts expire each year, by States¹—Continued

State	Acres released as of Dec. 31										Total acres in reserve
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Southwest area:											
Arizona.....	4,676	477	438	36,586	3,103	1,739	431	32,987	11,740	.....	7,761
California.....	16,223	7,470	89,546	30,397	3,434	1,801	1,427	604,114	122,212	.....	200,833
Colorado.....	99,576	40,891	137,784	110,378	11,179	178,528	82,845	412,967	247,283	.....	1,290,881
Kansas.....	72,390	79,130	344,243	.....	.....	78,191	94,193	.....	.....	.....	1,449,974
Nevada.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
New Mexico.....	85,986	14,211	13,813	470	251,424	308,208	113,288	77,559	360	.....	865,319
Oklahoma.....	136,561	83,952	334,079	155,760	4,368	129,087	81,612	341,844	225,842	.....	1,493,675
Texas.....	647,503	205,321	644,624	255,606	211,230	495,680	220,696	697,746	276,691	.....	3,655,117
Utah.....	22,352	6,399	44,201	13,955	841	45,283	10,077	66,858	24,089	.....	234,065
United States.....	2,172,411	1,099,019	7,491,923	3,651,955	547,827	1,973,950	1,360,675	6,489,562	3,714,363	9,859	28,511,544

¹ Based on report from Data Processing Center of contracts on record Jan. 1, 1961, derived by dividing annual payment for each year of expiration for each State by the State average rental per acre for all land in the reserve in 1961.

TABLE 3.—*Conservation cover with cost-share assistance required under contracts in force July 15, 1960, by States, with total completions as of that date*

State	Conservation cover required to be established with cost-share assistance on contracts in force July 15, 1960 ¹						Estimated U.S. cost share payment ²
	Grass and legume cover—acres	Tree cover—acres	Ponds		Wild-life cover—acres	Acres flooded for wild life	
			Number	Acres			
Alabama	165,713	218,670	112	313	1,544	25	\$4,162,144
Arizona	7,751						63,164
Arkansas	298,388	97,146	125	1,852	912	1,347	2,545,786
California	90,891	25	5	6	1,599	2,355	1,005,863
Colorado	1,272,902	826	19	35	278	20	4,840,411
Connecticut	930	312	1	1	10		20,713
Delaware	11,824	756	6	4	160	1	183,486
Florida	52,701	164,053	4	13	683		1,877,263
Georgia	308,254	694,938	85	261	2,101	9	9,827,906
Idaho	237,718	1,488	3	4	404	100	1,262,424
Illinois	329,838	4,188	99	146	2,915		2,901,737
Indiana	267,784	2,467	123	343	6,493	96	3,050,148
Iowa	265,715	4,616	152	633	22		1,708,839
Kansas	1,358,584	420	38	52	141	195	14,274,176
Kentucky	230,986	4,297	575	756	494		4,468,618
Louisiana	57,776	88,544	98	1,374	264	547	776,307
Maine	33,427	17,093					1,209,088
Maryland	27,059	3,366	27	25	6,021	3	448,183
Massachusetts	342	429			67		20,276
Michigan	148,791	31,005	45	254	4,496	115	3,271,989
Minnesota	1,160,396	28,337	3	4	124	65	6,816,070
Mississippi	192,957	65,153	24	287	1,043	111	2,021,735
Missouri	474,292	2,915	2,257	3,877	186	2,448	11,596,860
Montana	559,789	1,235	3	7	255		1,769,573
Nebraska	685,207	962	13	31	132		4,580,203
Nevada	99						
New Hampshire		4,651	22	37	1	1	124,121
New Jersey	23,898	438	4	4	174		517,304
New Mexico	862,503						4,323,124
New York	90,370	54,088	789	1,176	306	64	3,363,048
North Carolina	74,941	108,275	391	506	1,214	19	2,714,683
North Dakota	2,371,335	5,366	1	2	76,238	871	11,374,286
Ohio	154,181	2,468	259	517	21,174	51	2,319,089
Oklahoma	1,293,390	2,312	75	179	56,463	46	8,862,142
Oregon	148,829	5,973	14	20	5,214	556	1,332,536
Pennsylvania	49,484	11,558	87	198	285	3	1,208,859
Rhode Island	25						408
South Carolina	135,948	360,669	52	89	830	2,173	4,506,844
South Dakota	1,432,344	2,853	19	12	13,775	32	9,347,443
Tennessee	315,585	47,717	754	1,208	555	565	4,929,877
Texas	3,078,884	65,782	182	185	41,654		21,343,535
Utah	213,958	72					935,676
Vermont	90	11,657	38	51		4	281,877
Virginia	25,354	14,370	26	55	331	6	581,777
Washington	180,141	3,771	5	15	54,734	243	1,483,841
West Virginia	4,748	4,376	52	88	44	1	186,221
Wisconsin	228,235	28,829	18	46	1,744	27	1,942,290
Wyoming	91,939	74					235,175
Total ¹	19,016,296	2,168,540	6,605	14,666	305,080	12,099	166,617,108

¹ These columns exclude 7,143,292 acres of land in satisfactory cover when contract was signed or for which cover is established at no cost to this program.

² Items for each State reflect latest available estimate with adjustments for costs which have been found to be lower than original estimates.

The Chairman. Are there any further questions?

[No response.]

The CHAIRMAN. If not, we thank you very much, Mr. Lynn.

Our next witness is Mr. E. L. Felton, of Holland, Va., president of the Virginia Association of Soil Conservation Districts, representing the National Association of Soil and Water Conservation Districts.

We will be glad to hear from you now.

Mr. ABBITT. May I say that Mr. Felton is a constituent from my district. I wish to welcome him.

The CHAIRMAN. We are very happy to have you here as one of Mr. Abbitt's constituents.

STATEMENT OF E. L. FELTON, PRESIDENT, VIRGINIA ASSOCIATION OF SOIL CONSERVATION DISTRICTS, REPRESENTING THE NATIONAL ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

Mr. FELTON. I am E. L. Felton, president of the Virginia Association of Soil Conservation Districts. My testimony today, however, is presented on behalf of the National Association of Soil and Water Conservation Districts. I wish to express the appreciation of our association for this opportunity to offer our views on H.R. 7154.

The bill proposes to allow the Secretary to enter into agreements with farmers and ranchers on an acreage equal to that coming out of agreements and contracts on or before December 13, 1964, for the purpose of the conservation and economic use of the land.

The NACD agrees with the purposes of this bill and urges the committee to recommend it for enactment.

Soil and Water Conservation Districts of the country have a direct interest in this proposed legislation. As the members of the committee know, districts across the Nation are engaged in active programs of soil and water conservation, land-use adjustment, watershed protection and flood prevention, and related resource activities. The actions and agreements authorized under section 16(e) of the Soil Conservation and Domestic Allotment Act can, in our judgment, contribute substantially to the objectives of districts and to the Nation's conservation goals. We believe the present financial restriction on section 101 is, in view of the magnitude of the conservation job ahead, an undue limitation.

We urge that the specific limitation be removed and that the funds made available for this work be determined annually through the regular appropriation processes of the Congress.

A summary of the current status of Soil and Water Conservation Districts may help explain our interest in this proposed legislation. There are now nearly 2,940 districts, covering approximately 1.7 billion acres of the country; 92 percent of the Nation's farmland and 96 percent of the ranch land are within district boundaries.

Each district has a conservation program to fit its local problems. It uses a combination of local, State, and Federal services to put its own program into effect on individual farms and ranches.

More than 25 years of experience, since the first district was organized in 1937, demonstrate that soil conservation districts are an effective means for both individuals and communities to deal with local land and water problems.

Soil and water conservation districts are legally constituted units of State government created to administer soil and water conservation work within their boundaries. They are not branches or agencies of any Federal department.

Each district is self-governed. It has authority to enter into working agreements with other governmental agencies and with private concerns to carry out its purposes.

Through such working agreements with the individual districts, the Soil Conservation Service and other agencies provide help to farmers, ranchers, watershed groups, and others.

Once established, a soil and water conservation district is legally responsible for soil and water conservation within its territory, much as a school district is responsible for education.

Each soil and water conservation district is directed by a board of local people, usually resident landowners or operators, elected or appointed. In most States, members of this governing board are called district supervisors.

This board of supervisors develops a long-range district-wide program, and also an annual plan of action. It then arranges for assistance to help farmers and ranchers develop and move ahead with their individual conservation plans.

As a basis for working agreements with public agencies, each district prepares a long-range program. This program describes the conditions and the problems affecting land and water resources in the district. It sets forth the district's conservation and resource development goals and tells what the district proposes to do to attain them.

The program is prepared by the supervisors after consulting with local citizens and considering technical information furnished by the Department of Agriculture, the Department of the Interior, State agencies, and other sources.

Within the broad framework of these long-range programs, nearly 2 million farmers and ranchers on 620 million acres are now cooperating with their local districts. Each year about 100,000 landowners, as district cooperators, make conservation plans covering an additional 40 million acres.

We are proud that over 14,500 men and women serve without pay on governing bodies of districts. I am here as one of those people.

As this committee knows well, America's private landowners hold in their custody a major part of the Nation's natural resources. Of necessity conservation and resource development begins with the farmers, ranchers, and rural residents who control more than three-fourths of our land and water area.

All of us share in the concern over the use of these resources. We believe it is wise public policy to provide incentives for desirable land use, conservation, and resource development.

Mr. Chairman, the recently completed national inventory of soil and water conservation needs shows clearly that soil erosion is still a dominant conservation problem on about 739 million acres. An additional 246 million acres have an excess water hazard when cultivated or grazed.

The soil of some 354 million acres have a root-zone limitation, are shallow, droughty, or have other soil deficiencies. And over 75 million acres, the soils have serious climatic limitations.

There is a real need for speeding up conservation work. Although farmers and ranchers in partnership with Government programs have done an outstanding job of slowing down land and water abuse during the past quarter century, more than two-thirds of the conservation job remains to be done.

We feel strongly that the rate of conservation and resource development work should be pushed ahead faster than it has been in the past.

On March 22, 1963, the NACD adopted a statement regarding title I of the proposed Food and Agriculture Act of 1962. In part, we said:

Title I is of primary interest to the National Association of Soil and Water Conservation Districts because it applies to land-use adjustments, the watershed program, and other conservation and resource activities directly associated with district programs.

We approve the basic objective of title I of the proposed legislation. With certain refinements to improve its contribution to wise development of resources, the NACD will support enactment of these titles.

This title is a most beneficial part of Public Law 87-703. Secretary Freeman stated, when he signed policy statements to put this portion into operation:

This is the most far-reaching attempt since the thirties to create new economic opportunity, update wasteful and outmoded patterns of land and infuse new vitality into rural America. The whole of America will benefit.

The implementation has been painfully slow. We understand the only part of title I to receive any supplemental funds for fiscal year 1963 was section 101—and the picture at the moment for fiscal year 1964 is not much brighter for all the worth portions of title I.

Last year in our policy statement on section 101, we said:

There is an important need for an expanded program of land-use adjustment and conservation treatment in harmony with the capabilities and needs of the land for treatment—as well as the preferences of landowners. Conservation plans being developed for landowners as part of existing district programs enable them to make such desirable land-use adjustments and install the necessary combination of conservation practices in an orderly, effective manner.

More than 1,400,000 farmers, ranchers, and other landowners now have such plans. They provide the basis for sound investment of public and private funds in bringing about landuse adjustments and the installation of needed practices and structures.

Long-range, lasting adjustments or shifts in land use should be based on soil surveys and scientifically developed land-capability information. The Soil Conservation Service has detailed soil survey data on a substantial part of the commercial agricultural land of the Nation.

This scientific survey information provides an effective, intelligent guide to alternative management systems involving land use for crops, grasses, forests, wildlife, and recreation.

We believe that any new agreements or contracts between the Government and landowners for adjustments in land use should be based, to the largest practical extent, on (1) scientific land capability and soil survey data, (2) a long-range plan for the use of the land comprising the operating unit, and (3) the coordinate use of technical assistance, credit, and cost sharing.

We believe that such voluntary agreements or contracts should be developed and carried out, to the largest practical extent, in cooperation with the governing bodies of local soil conservation districts, and in harmony with the long-range programs of districts * * *.

The Secretary of Agriculture on November 2, 1962, issued Secretary's memorandum No. 1518. At our national meeting in Denver, Colo., in February 1963, we adopted the following resolution:

Secretary of Agriculture's memorandum No. 1518 provides for long-term agreements with farmers based on farm conservation plans which farmers have developed in cooperation with local soil conservation districts and with technical assistance in planning from the Soil Conservation Service.

Incentives will be offered farmers who enter into long-term agreements to shift land uses for a specified period. There will be cost-sharing including materials, services, and other assistance for needed conservation measures.

The NACD recommends that these provisions of the Secretary of Agriculture's memorandum No. 1518 be administered, as in the Great Plains conservation

program, to permit the farmer to sign a long-term agreement for a complete conservation plan on his farm with cost-sharing on the soil and water and land treatment practices applied during the period of the agreement, as well as incentive payments for shift in land use.

The NACD further recommends that the responsibilities of soil and water conservation districts be more clearly specified with respect to the farm conservation plans and the scheduling of technical assistance needed by the farmers in carrying out the plans.

The NACD is in sympathy with the President's request to Congress to remove the \$10 million limitation on authorized appropriations for this activity.

Every program with which soil and water conservation districts are associated deals in some way with land-use adjustments. For example, participants in the Great Plains conservation program, to whom cost-shares for conservation work are assured under long-term contracts, have agreed to convert on a long-range basis 24 percent of their cropland acreage to grassland for grazing use. The cost-sharing is based upon farmwide conservation plans, carefully developed, and we believe this is both practical and effective.

During the 10-year period from 1952 to 1962, district cooperators voluntarily converted about 21,500,000 acres of cropland to less intensive uses, such as grass and trees.

Within the framework of conservation plans already undertaken by district cooperators with Soil Conservation Service, ACP, and other help, the prospect is that the annual rate of such conversions will increase to about 3 million acres a year. With suitable incentives, such long-term plantings could be substantially larger in the years just ahead.

The pilot action in 41 counties and 13 States of the cropland conversion program authorized under section 16(e) of the Soil Conservation and Domestic Allotment Act has provided an opportunity to test the agency responsibilities assigned by the Secretary in his memorandum No. 1518. He required:

1. That the farmer be a soil conservation district cooperator;
2. That the farmer have a conservation plan developed with Soil Conservation Service assistance;
3. That soil suitability for crop production be determined by the SCS on the basis of soil survey;
4. That needed conservation practices be determined on the basis of land capability and a conservation farm plan; and
5. That the SCS and the Forest Service be responsible for the technical phases of the program, including standards and specifications, onsite assistance, and essential performance checking and certification.

We believe this pattern makes good sense. Soil conservation districts working cooperatively with the county ASC committees, and with the assistance of the Soil Conservation Service and other agencies, are in a good position to assist in achieving the long-range objectives of Federal programs designed:

1. To convert to other productive use, on a permanent basis, land regularly used in the production of crops that is not suited for that purpose;
2. To convert to other productive use, on a long-term basis, land regularly used in the production of crops that is suited to that use only occasionally; and
3. To convert to other uses land regularly used in the production of crops that is suitable for, but is not currently needed for crops.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Felton, for your fine statement.

Mr. McIntire?

Mr. McINTIRE. I would like to make an inquiry of the witness. On the basis of the directive laid down by the Secretary—and I am speaking strictly of the program authorized in the act of 1962, of the \$10 million appropriation authorization, well within the context of that program—for each person who applied for participation in the cropland conversion program, in the acceptance of that application it was required that the Soil Conservation Service would provide technical assistance. It was also required that this farmer be a cooperator in a soil conservation district?

Mr. FELTON. That is correct.

Mr. McINTIRE. And it required that the soil conservation district submit a plan of land-use management as a part of the condition of the contract?

Mr. FELTON. That is correct—each cooperator must be a soil conservation district cooperator, and a specific farm plan worked out for that individual farm, based on the capabilities of that land on that farm.

Mr. McINTIRE. On the basis of the pilot program set up under this authorization how many of the farms which are now under contract with the Soil Conservation Service were able to submit their plans for the land use as the contracts were completed and accepted by the SCS?

Mr. FELTON. All of them are. If the farmer made application and he was not a district cooperator he became a district cooperator, and working through the district with the technical assistance, the farm plan was made for that individual farm before your ASC would accept it.

Mr. McINTIRE. Under the terms—and I am not sure which deal you are testifying on—whether you are testifying on H.R. 6491 or H.R. 7154—

Mr. FELTON. H.R. 7154.

Mr. McINTIRE (continuing). Under the terms of H.R. 7154, am I correct in assuming from your testimony that it is your understanding that any contract now covered by a conservation reserve agreement under this authority would be extinguished due to the fact that the contract would then be under the crop conversion program?

Mr. FELTON. We feel that is the basis upon which we want to see this. We want to see the land to be designed and to produce what it is capable of doing. We may have a lot of this land that ought to go into recreational purposes for which we have not allowed it to go into before. And we do make an individual survey of that and we know exactly what the capabilities of that land and that ranch is, what it is capable of doing. And if we do not have that how can we make a well-rounded program? It is just too much otherwise.

Mr. McINTIRE. Then is it your position that the soil conservation districts should be sort of supervising associations for the farms?

Mr. FELTON. Yes.

Mr. McINTIRE. Is it your position, then, that if this bill were enacted farmers could transfer their 1963 expiring contracts into a contract under the authority of this law? Before such a contract could be consummated, there would have to be a soil conservation plan for that farm?

Mr. FELTON. Correct.

Mr. McINTIRE. As to the subject matter that is under consideration, you would have time to permit a survey of the acres, and that this job can be done——

Mr. FELTON. Yes.

Mr. McINTIRE (continuing). In the time available?

Mr. FELTON. We think it can be done.

Mr. McINTIRE. That is, a survey of those acres. One other point——

Mr. SHORT. If you will yield?

Mr. McINTIRE. In a minute. I am not sure that you were here yesterday——

Mr. FELTON. I was not, no.

Mr. McINTIRE. One other point; it is interesting, I think, to note that under the conservation reserve contract, the principal use was, of course, seeding down, laying down the soil, together with the other uses that many acres went to and that was cheap land. These were the uses under the conservation reserve contract. Under the present titled plan operation—under the cropland conversion program—99 percent of the acreage now under contract went to these same uses. Can I interpret from those figures—in view of the fact that every one of these cropland conversion contracts had a farm plan or a use plan laid down by the SCS—that it was the recommendation of the SCS that 99 percent of this land go into the same use effective under the conservation reserve contract, a program for which there were no farm plans correlated?

Mr. FELTON. I would think that it would be.

The CHAIRMAN. Thank you very much.

Mr. HARVEY of Indiana. I have a question concerning the fact that these conservation reserve contracts are scattered pretty well throughout the United States and in many counties. There is not an ASCS district established in some of them. How would you propose to handle the extension of these contracts in areas where there is no district?

Mr. FELTON. That would be an excellent opportunity for the farmers in that area to come into the districts. If you will pardon just one illustration. I will take you back to Virginia where we have had counties in Virginia that would not come into the conservation areas. Today we have part of every county in Virginia in a conservation district. And just last year one section of the county would not come in, but with one working 6 months within a district they have now petitioned the State committee to have a conservation district.

We think that it is basic that we have the conservation districts all over the country and that every acre of land is adapted to what the capabilities of that acreage is.

Mr. HARVEY of Indiana. Certainly I have no quarrel with the basic philosophy of the Soil Conservation Service and the soil conservation districts. I am asking this question in the area of practicality. We have these 7 million acres and something will have to be done about them. And time is a limiting factor. I do not believe, Mr. Felton, that it would be possible to set up enough conservation districts and get them functioning and to perform this function that you are talking about before the contracts will have expired.

Mr. FELTON. Of the 2,940 districts we have they are pretty well scattered all over the United States. There may be some hardship worked on a few individuals in some of these programs. We think this is the most practical approach to it, to get this land out of production and to get it into that which it is suited for. There may be a few isolated instances where it may work a hardship. I am not prepared to answer that now—that question specifically.

Mr. HARVEY of Indiana. How many counties would be involved? I do not know, either, I will be frank to say. However I think it is an important factor that ought to be determined before any move is made.

Thank you.

The CHAIRMAN. Mr. Short?

Mr. SHORT. Mr. Chairman and Mr. Felton, you just said that they had a real good record as the capabilities of the agricultural land of Virginia. Will you tell us in general terms how many acres of pastureland it takes to pasture a cow for one season in Virginia?

Mr. FELTON. It may be hard for you to believe, but we think that 1 acre in Virginia will take care of one animal unit which is right much larger than it is in some other sections of the country, but that is the basis on which we take our pasture land, that 1 acre of good pasture takes care of one animal unit, whether it be one cow or one calf or one sheep or whatever the animal unit might be.

Mr. SHORT. The land that is now in the conservation reserve in Virginia then would, on the basis of one cow per acre, pasture a lot of cows.

Mr. FELTON. It would pasture a lot of cows.

Mr. SHORT. That would be about 42,000 head of cattle.

Mr. FELTON. We have got a lot of land in Virginia that has been in pasture that is going out of pasture into recreational purposes that will hardly take one cow.

Mr. MATTHEWS. That is the same situation, by the way, as exists in some parts of Florida. We feel that 1 acre of land will graze one cow.

Mr. SHORT. This same grazing capacity situation happens to prevail all over this Appalachian area in this high rainfall area.

That is all.

The CHAIRMAN. Thank you very much. We are very glad to have you here.

Mr. FELTON. Thank you.

The CHAIRMAN. I thought that we should hear further from the Department. I understand that Mr. Charles Cox is here.

Will you come up, please, sir?

As I understand it you can renegotiate the agreements, and you intend to do that, and do it at a very much cheaper rate of \$5 or \$7 an acre, is that it?

STATEMENT OF CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR; ACCOMPANIED BY M. L. UPCHURCH, STAFF ECONOMIST; FRED RITCHIE, POLICY STAFF; CLAUDE COFFMAN, OFFICE OF GENERAL COUNSEL; NORMAN BERG, SCS; ERNEST GAMBELL, ASCS; AND TOM F. MCGOURIN, SCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. Cox. First, Mr. Chairman, I think that you have a fundamental difference in philosophy which Congressman Olson perhaps expressed better than I can and, that is, whether we are going to convert land from uses which we do not need, to idle it, or whether we are going to try to convert it to uses which we do need. And second—

The CHAIRMAN. Do you mean grazing land?

Mr. Cox. I will comment on this in a minute, Mr. Chairman.

Second, we have the problem of costs. It is our judgment that we can sign up the acreage that the Congress has in mind under your bill, under the Cooley bill.

The CHAIRMAN. We have two of them here.

Mr. Cox. Under the bill that Mr. Godfrey testified on yesterday. For an amount which is substantially less if we permit the farmer to use it than would be possible if we prohibited the use by the farmer of this land.

Next we have the problem that Mr. Harding alluded to yesterday when he was questioning Mr. Godfrey about problems that we have experienced in the past, where we attempted to lock up this land. There is considerably more interest on the part of the farmers themselves. And we have the ability in police force, so to speak, in the form of his interest in taking care of the land, if he is still trying to earn a livelihood from it, and converting it to some use that we need.

Now third, with respect to the matter of grazing, it is my understanding from the economists in the Department that the amount of grazing that would be permitted under this bill would be insignificant compared with the total amount of grazing that is being done at the present time.

The CHAIRMAN. Would it not also be insignificant when related to the grazing which might come out of this program?

Mr. Cox. That is true, sir. Someone else made the point this morning that one of the other alternatives is to allow this land to return to grain production in a large percentage of the cases, in which case we would have considerably more feed units than would be possible through pasturing.

The CHAIRMAN. If this land goes out of this program substantially more than one-half of it will go into grain of some sort, would it not?

Mr. Cox. This is correct, sir.

The CHAIRMAN. And that might also aggravate the cattle situation?

Mr. Cox. We would have more total feed units.

The CHAIRMAN. Than you would have if you went on with the program?

Mr. Cox. This is correct.

The CHAIRMAN. That is what I understood from Mr. Godfrey's testimony.

Mr. Cox. I believe that Mr. Jones made reference to this yesterday.

Mr. ABERNETHY. Do I understand you to say that the amount of land coming out of this program that would go into grazing would be insignificant as compared with that at present?

Mr. Cox. That is right.

Mr. ABERNETHY. Would it not also be true that it would be just as insignificant if it went into this other?

Mr. Cox. With this exception, Mr. Abernethy, that you can produce considerably more feed units on an acre of grain than you can on an acre of pasture.

Mr. ABERNETHY. What is the total grain acreage?

Mr. Cox. The total grain acreage—let me ask Mr. Upchurch here to give me an assist on this, if I may. I think it is in the neighborhood of 100 million acres.

Is that about right?

Mr. UPCHURCH. About 100 million.

Mr. ABERNETHY. And we are talking about a portion of 7 million?

Mr. Cox. That is correct, sir.

Mr. ABERNETHY. And there are about how many acres of grazing now—about 800 million?

Mr. Cox. About 800 million.

Mr. ABERNETHY. And again we are speaking of a portion of the acres as related to the 800 million?

Mr. Cox. Yes, this is correct.

Mr. ABERNETHY. That is all.

Mr. FINDLEY. Is there a possibility that as these contracts expire, that recreational uses will be so profitable in the long run that a lot of that land might go into recreational and such uses without any Federal financing; is that not possible?

Mr. Cox. This is true, Mr. Findley, except that the amount that is going in this direction is relatively small at the present time. We would hope, of course, that you would be right.

Mr. DOLE. What is the thought about giving the Secretary authority to extend the expiring contracts?

Mr. Cox. Well, Mr. Dole, we have had some experience, as you know, with respect to this kind of authority, and we found that out of about 1,400,000 acres that were eligible for a renewal on a 1-year basis, we managed to get only a little over one-half of it, about 700,000 acres tied down, and we did not feel that it was very successful.

Mr. DOLE. Was that because the authority came so late in the year?

Mr. Cox. This contributed to it, of course, but, also, we found some lack of interest on the part of the farmers in not renewing for a longer period of time.

Mr. DOLE. I might well point out that in Kansas we find great interest in extending this program, not only opening it up but expanding it. In Kansas, certainly in western Kansas, there is considerable interest.

Mr. Cox. I am glad to hear this.

Mr. DOLE. I am wondering, too, about this \$5 to \$7 per acre; is that the total cost, all of the cost, that Mr. Godfrey talked about?

Mr. Cox. This cost does not include the cost sharing; these are the rental payments.

Mr. DOLE. What would it cost per acre if the whole package was included?

Mr. COX. Mr. Ritchie, can you give me an assist on this? About what is it, about \$12, \$14 an acre?

Mr. RITCHIE. That included most of the cost sharing, the \$5 to \$7. If it goes to grass and trees, \$5 to \$7 per acre for a period of 5 to 10 years. Most of the practice cost-shares would be in that as well as the adjustment payments.

Mr. DOLE. But it would be higher, considering some of the cost-sharing practices available; it would be higher than the \$5 to \$7?

Mr. RITCHIE. We have estimated that the adjustment payments would average approximately \$36 an acre for the period of the contract. On the land coming out from the conservation reserve program contract, where the land already has pretty good cover on it, we can probably establish the necessary practices on that land for \$6 to \$8 an acre in cost sharing. The land coming directly from row crops and small grains, as this past year, to grass, would probably run around \$10 or \$12 an acre. It would average out somewhere around \$45 an acre for the entire cost.

Mr. COX. This would be for the term of the contract?

Mr. RITCHIE. Yes; between \$6 and \$7 an acre.

Mr. DOLE. What about the question raised earlier, that a farmer could receive \$50,000 lump sum payment and go into the cattle business? Has that been considered by the Department?

Mr. COX. This is always a possibility. He might go into some other kind of business, too.

Mr. DOLE. Thank you.

Mr. OLSON. In relation to the cost of the practices, would there be any differences in the practices required, whether it went into the new proposed acreage-use program, the land-use program, or extension of the conservation reserve?

Mr. COX. They would be substantially the same, I think it would be fair to say.

Mr. SHORT. Mr. Chairman, I think that we are getting to a real important point here. I do not think that we can quite say that the SCS practices that will be applicable to the lands that have been in the conservation reserve program are going to be the same as the ACP practices that would be applicable to land taken out of crop production.

Mr. COX. This is true, Mr. Short, if you assume that you are going to get the identical acres that already have the cover on it, which would not necessarily be the case. I understood Mr. Olson's question to relate to a situation where you were entering into an agreement with respect to a new farm with the conservation requirements; would they be different under one proposal than under the other? And my response would be that they would be substantially the same.

Mr. SHORT. The question that we are considering, the root of the question, is the extension of the contract on the land that is presently in the conservation reserve. In those instances, certainly the applicability of these ACP practices are going to be much less, rather insignificant, as compared to the land that is presently being farmed.

Mr. COX. In my response to that, Mr. Short, my response is that we have tried this in the way of an experiment of a 1-year renewal of

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contracts that expired in 1962, and we found only about 50 percent of the farmers were interested, and even then it was done at a fairly substantial cost.

Mr. SHORT. Right there, is not part of the reluctance to extend contracts to the 1-year feature, rather than being able to extend the contract for another 5 years?

Mr. COX. I would have to confess this is true.

Mr. OLSON. If you will yield?

Mr. SHORT. Yes.

Mr. OLSON. In answer to my question, you were precise in assuming that one of the things that I wanted was the cover required pertaining to new acres but as to the land that is in the conservation reserve now—whether you continue it in another conservation reserve contract or in a land-use contract, the cover that you would request would be essentially the same, and it would cost the same, so really there is no specific dispute to be brought up in this area at all, because—

Mr. COX. This is correct.

Mr. OLSON. You would cover the land by use programs or by conservation practices.

Mr. COX. The response is in the affirmative. If the cover was adequate and was there and adequate for one program, it would be adequate for the other.

Mr. OLSON. Thank you.

Mr. BEERMANN. What relation does the payment bear to the value, the price of the land?

Mr. COX. Well, under the conservation reserve program, Mr. Beermann, by administrative regulation, we have provided that it could not exceed 20 percent of the value of the land.

I believe most of the contracts at the present time have this provision on the books.

Mr. BEERMANN. Thank you.

Mr. HAGEN of California. What has been your experience with these farmers that you had to go into this conversion program; did they expand livestock production?

Mr. COX. This was only a general observation, Mr. Hagen. We do not have any specific figures to relate to this problem, but generally we have not found, nor had reported to us by the administrative people, any substantial expansion as a result of it.

Mr. JOHNSON of Wisconsin. So you have no experience on that?

Mr. COX. We have very brief experience.

Unless the cover was already there, this would be true; unless the cover was already in existence.

Mr. HARDING. Is it not true, Mr. Cox, that under the soil bank that often farmers took out scattered parts of their farms, rather than one piece—do we not have instances where they took out one part because it had alkali, another part that was swampy, another part that was up on the hill, and so forth, to avoid taking out their most productive land?

Mr. COX. There is no question but that they took out the least productive.

Mr. HARDING. Could not that have been prevented if we had a regulation that required that all land that went into the soil bank must be in one piece if it was part of the same farm?

Mr. Cox. We did have an administrative rule that gave the committees authority to have the land taken out in areas that would be subject to measurement and easy determination. However, I think, Congressman Harding, that we should expect that the least productive land would come out in a program of this kind. I suspect this is what we should encourage.

Mr. HARDING. Do you say that is what we should encourage?

Mr. Cox. Yes.

Mr. HARDING. So less productive land should come out?

Mr. Cox. Yes.

Mr. HARDING. Thank you very much. However, I disagree with the witness. When we are attempting to reduce overproduction, I feel that we should be encouraging the retirement of highly productive land.

The CHAIRMAN. Thank you very much. According to this information given to us by Mr. Lynn, in table No. 2, the acreage in North Carolina in 1961 was 3,851 acres; and in 1962, 3,433 acres; and in 1963 the figure is 70,423.

Mr. Cox. Let me see, do we have the figures for North Carolina with us?

The CHAIRMAN. What about that difference—what about that increase?

Mr. Cox. Just one moment, Mr. Chairman.

Mr. RITCHIE. The acreage, Mr. Chairman, of the expiring contracts on December 31 of this year, conservation reserve contracts in North Carolina, were 60,658.

The CHAIRMAN. 60,000?

Mr. RITCHIE. Yes.

Mr. McINTIRE. This figure is 70,423, and there would be perhaps 10,000 acres in the contracts that expired in 1962 that were extended for 1 year.

The CHAIRMAN. Mr. Lynn, where did you get this information from?

Mr. LYNN. From the Department of Agriculture.

The CHAIRMAN. I assume that you did.

Mr. Cox. We will be glad to check into the figure.

The CHAIRMAN. There are 60,658 acres going out of the program in North Carolina?

Mr. Cox. Yes, sir.

The CHAIRMAN. And 372,195 going out in Iowa?

Mr. Cox. Yes, sir.

The CHAIRMAN. And in Wisconsin 306,083 acres?

Mr. Cox. Yes.

Mr. McINTIRE. Might I ask Mr. Cox one question?

The CHAIRMAN. Yes.

Mr. McINTIRE. Referring to certain memorandums which relates to the pilot program, am I correct in stating again that any practices would apply to the 7 million acres as applied to the 140,000 acres?

Mr. Cox. It is my understanding that we would continue to rely on the Soil Conservation Service and the Forest Service for the technical servicing of this program; yes, sir.

Mr. McINTIRE. Thank you.

The CHAIRMAN. Let me ask one further question: In North Dakota, for example, you have over 500,000 acres going out. Do you think that most of that acreage referred to will go into the production of grain?

Mr. COX. This is true, Mr. Chairman. And if we look at the past record—

The CHAIRMAN. That is what Mr. Godfrey stated yesterday.

Mr. COX. Yes.

The CHAIRMAN. If all of this acreage is going into the production of grain, certainly the grain will be used for animals.

Mr. COX. That is absolutely true.

The CHAIRMAN. All right. And this program that we are now proposing is far cheaper than the program we have been operating under, and yet you think it will accomplish the same thing?

Mr. COX. This is correct.

Mr. FINDLEY. Mr. COX, can you furnish us with the rationale upon which the Department bases its conclusion that these conversion projects will accomplish it at a very modest cost?

Mr. COX. We will do that.

Mr. FINDLEY. Will you put that in the record?

Mr. COX. May I say that these figures are predicated upon the result of the experimental program we are running at the present time, the so-called pilot program.

Mr. FINDLEY. It would be helpful if you could supply this data for the record.

Mr. COX. We will be pleased to do that.

(The information follows:)

About two-thirds of the total number of agreements expected under the 1963 cropland conversion program have been summarized. The average adjustment payment per year, computed from the weighted average number of years covered by these agreements, is \$5.57 an acre, and the similar average for conservation practice cost sharing is \$2.33 an acre. Almost all of this land is coming from row crops and small grains. The cost to the Government to obtain the conversion of such land to other income-producing uses is more than will be the case for land coming from the conservation reserve.

Under an expanded cropland conversion program, it is estimated (a) that the total of the adjustment payments will average \$36 an acre of cropland suited for regular use for row crops and small grains, and (b) that cost shares will average \$10 to \$12 an acre for nonconservation reserve land and \$6 to \$8 an acre for conservation reserve land irrespective of its suitability for regular crop use. These totals relate to the full term of the 5- and 10-year conversion agreements, as a result of which permanent conversions are anticipated. With agreements averaging 6 to 7 years, the annual average for that period for adjustment and cost-share payments combined should be within \$7. This average compares with an average annual payment under the conservation reserve program of about \$14 an acre, without any great amount of permanent conversions.

Mr. SHORT. May I ask one further question? We are assuming that the land will go back into grain production. Could this land that was in the conservation reserve be included in the feed grain base?

Mr. COX. Yes, sir.

Mr. SHORT. It would be?

Mr. COX. Yes, sir, if it had a history of grain on it in the past before it went into the soil bank.

The CHAIRMAN. If there are no further questions, we thank you very much, Mr. COX.

Mr. JOHNSON of Wisconsin. May I ask if the Department would give us the amount of grazing pasture that is now in these areas by States?

The CHAIRMAN. Would you do that—give us the figure as to the land grazed by States?

Mr. JOHNSON of Wisconsin. I think that they would be very helpful.

The CHAIRMAN. All right.

Mr. HAGEN of California. And include the public and private—break it down into public and private land.

The CHAIRMAN. Could you break that down into the public and private lands?

Mr. Cox. We will undertake to do this.

The CHAIRMAN. Would you do it by tomorrow?

Mr. Cox. We will do it by today.

The CHAIRMAN. Give it to us tomorrow.

Mr. Cox. Very well.

(The information follows:)

Pasture and rangeland, by States

[In thousands of acres]

State	Private land	State land	Federal land	Total land
Maine.....	491		1	492
New Hampshire.....	213			213
Vermont.....	1,292		2	1,294
Massachusetts.....	282			282
Rhode Island.....	31			31
Connecticut.....	289			289
New York.....	5,377		10	5,387
New Jersey.....	222		1	223
Pennsylvania.....	2,459		4	2,463
Delaware.....	42		1	43
Maryland.....	757		5	762
Michigan.....	2,996		12	3,008
Wisconsin.....	6,080		5	6,085
Minnesota.....	5,190		3	5,193
Ohio.....	4,897		6	4,903
Indiana.....	3,334		11	3,345
Illinois.....	5,203		13	5,216
Iowa.....	6,696		6	6,702
Missouri.....	14,271		256	14,527
North Dakota.....	11,703	923	1,160	13,786
South Dakota.....	23,183	1,968	1,825	26,976
Nebraska.....	21,377	1,286	383	23,046
Kansas.....	18,848		116	18,964
Virginia.....	4,924		25	4,949
West Virginia.....	4,401		13	4,414
North Carolina.....	2,907		5	2,912
Kentucky.....	4,929		8	4,937
Tennessee.....	4,186		58	4,244
South Carolina.....	3,166		408	3,569
Georgia.....	6,706		10	6,716
Florida.....	14,965		583	15,548
Alabama.....	7,765		80	7,845
Mississippi.....	9,417		417	9,834
Arkansas.....	16,271		942	17,213
Louisiana.....	10,277		593	10,870
Oklahoma.....	22,237	249	259	22,745
Texas.....	113,322	2,700	930	117,012
Montana.....	42,893	4,108	15,540	62,541
Idaho.....	9,051	2,232	19,076	30,359
Wyoming.....	25,532	3,572	21,130	50,234
Colorado.....	25,413	2,775	14,619	42,807
New Mexico.....	34,082	11,265	20,104	65,451
Arizona.....	26,316	8,584	23,223	58,123
Utah.....	10,368	1,800	27,352	39,520
Nevada.....	8,406	36	51,492	59,934
Washington.....	9,877	854	2,496	13,227
Oregon.....	15,209	502	20,212	35,923
California.....	22,471	47	17,010	39,528
Total, 48 States.....	590,324	42,961	240,400	873,685

The CHAIRMAN. Without objection, there will be included in the record at this time a statement from the National Farmers Union and another from our colleague, Hon. Fred Schwengel.

(The statements follow:)

STATEMENT OF NATIONAL FARMERS UNION

Mr. Chairman and members of the committee, I am Reuben Johnson, director of the Division of Legislative Services, National Farmers Union.

National Farmers Union wishes to add its voice to the affirmative chorus in support of President Kennedy's recommendation and of the bill, H.R. 6491, to remove the \$10 million limitation on the cropland conversion program for 1964 and subsequent years.

The cropland conversion program is one of the hopeful means of dealing with agriculture's built-in problem of overproduction of certain crops. This problem must be met without taking farms out of production, without cutting farming units to uneconomic size, without depriving rural towns and cities of the trade on which they depend, without causing people to shift needlessly from rural to urban locations.

We are opposed to cropland retirement. We strongly favor cropland conversion—the conversion of land use from production of unneeded products to the production of goods and services that are needed. We believe in the use, improvement, and development of farmland and water resources to build economic opportunities in rural America.

Farmers need this kind of a program in order to make an orderly transition from present uses of cropland to new income-producing uses. As the cropland conversion program provides, we need to put our land to the uses for which it is best adapted within the realm of economic feasibility. Also, as the program provides, we need to gear the payments to the objective of creating income, not use payments to substitute for income. By adhering to these principles, we can create economic opportunities instead of retiring land and letting the rural economy perish.

Quick action is needed if the Nation is to avoid perpetuating the mistakes of idling land under the conservation reserve of the soil bank program. The Congress wisely took emergency action last year to provide a 1-year answer to the question of how to use lands that were scheduled to come out of the conservation reserve at the end of 1962. Those lands must now be considered again, along with lands for which the original contracts expire at the end of 1963. The total amount of land that requires immediate disposition, we are informed, is 7.4 million acres.

Farmers are already making plans for the next crop year. Plowing for the 1964 wheat crop is beginning. Delay in action on this bill will simply mean that some land that should be provided for in the cropland conversion program will be used for crops the country does not need. We are also in danger of losing whatever benefits there were in the conservation reserve, primarily the grass cover which is hard to establish in many of the areas where it is needed most.

Now let us return to the longer range problem. The cropland in this country totals about 458 million acres. Lately we have been harvesting crops from only about two-thirds of that land—around 300 million acres. Even so, we have been producing roughly 5-10 percent more than the economy will absorb. It has been extremely important to keep cropland out of production of surplus crops by means of the feed grain program, the marketing quota programs, and the conservation reserve. Without a marketing quota on wheat for the 1964 crop, we are in danger not only of bringing back into surplus production the land that has been diverted from wheat but also of weakening the feed grain program, which has depended in part upon wheat marketing quotas. With a wheat program in effect, cooperators in the feed grain program had greater assurance than they now have that they could make a dent in feed grain supplies. I assume that only the cooperators in the 1964 voluntary wheat program will be eligible to take part in the 1964 feed grain program. But even with this arrangement, both programs will be weaker than they are this year. Let us remember also that we still have around 25 million acres, all told, in the conservation reserve. There is a real danger that the shift of cropland in the next few years will be in the wrong direction—a net gain of around 38-40 million acres in harvested cropland.

We do not consider the cropland conversion program to be the full answer to this problem, but we do definitely feel that it is an essential part of the answer.

The eventual size of the cropland conversion program that is needed depends upon many factors now unknown. Even with the \$10 million limitation removed, there is a limit to the speed with which a program like this will proceed. The eventual need will depend somewhat upon the success of other existing programs, on legislation that is now overdue for cotton and milk, and on the Nation's economic trends. The smallest foreseeable need is for a program large enough to take care of land now under conservation reserve contracts. That land is a clear and present danger to the farm economy and the Nation's economy. Very likely, a considerable amount of additional land requires the cropland conversion program. But this can be determined later. The important matter for the moment is to enact legislation to remove the present unrealistic limitation.

STATEMENT OF HON. FRED SCHWENGEL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF IOWA

Mr. Chairman, because all of us are aware of the fact that if we are to keep farm production in line with consumption, we must continue our land retirement programs. Earlier this year I introduced H.R. 3993 which would amend the Soil Bank Act so that during the period 1963-67 the Secretary of Agriculture could extend existing soil bank contracts, other than the contracts for establishment of tree cover, for periods of not less than 3 nor more than 10 years after the original termination of the contract.

The experience we have had with this program has proved that this approach to crop adjustment is attractive to many farmers and can be an effective tool for land, capital, and labor adjustment where we have overexpansion in agriculture. As of the end of 1960 when the program was terminated, there were more than 306,000 conservation reserve contracts in effect covering 28.7 million acres of reserve cropland in 47 States.

Virtually all of this conservation reserve land is cropland, or was being used for the production of crops before it was placed under contract. Had it not been idled under the program, the production from these acres would have added substantially to the surpluses. Instead, it is being held in reserve at an annual average rental cost to the Government of \$11.85 per acre per year.

This cost per acre per year for the 28.7 million acres under the conservation reserve as compared to the \$27.35 per acre average for the 26.7 million acres retired under the 1961 feed grain program caused the Government to pay 2½ times as much per retired acre under the feed grain program as under the conservation reserve program. This proves that retiring cropland on a long-term, competitive-bid basis is more workable, accomplishes more for the money expended and requires less administration.

One of the features of the conservation reserve program which has worked particularly well is the "whole farm" conservation reserve contract under which the farmer rests all of his eligible cropland and produces no commercial crops. The farm family can continue to live on the farm if it wishes; use the buildings, orchard, woodland, and garden. Some 20.3 million conservation reserve acres, or 71 percent of the total, are under contracts of this type. When the whole farm is retired, there is no temptation to increase production on producing acres to offset the land under retirement as there is when only part of the farm's acreage is under the program.

The land retired under the soil bank program will be coming out of retirement at a very rapid rate in 1963 and subsequent years. We must remember that this land was retired at an average cost of \$11.85 per acre. It is felt that most of the people holding these contracts would be willing to extend them for longer periods. Every contract which is extended at this rate will save the taxpayer considerable money when you realize that the cost per acre under the feed grain program in 1961 was \$27.35, and even higher in 1962 and 1963.

Of particular importance to the area I represent is the fact that over 2,200,000 acres of the land which will come out of the conservation reserve at the end of 1963 are in the Midwest area. This is where most of the money is being spent under the current feed grain program. In some cases the payments per acre under the feed grain program are as much as five times as great as the annual rental payments if the conservation reserve contracts could be extended in about their present form.

The livestock industry has suffered as a result of the past acreage allotment and marketing quota program in that the land converted from these crops has gone into the production of feed. It appears very unwise now to let these retired acres under the conservation reserve program come back into production, or be used as improved pasture land, because this will only aggravate the present livestock and dairy situation.

Everyone seems to be in agreement that a land retirement program is necessary, so it is just good commonsense to keep the cropland we now have under conservation reserve contracts out of production by extending the present contracts rather than enter into new ones under the provisions of the Agriculture Act of 1962, or the year-to-year contracts which are currently in effect under the feed grain program.

The Economic Research Service has stated that if the farmers harvest about 291 million acres of crops in 1965, their production will be in close balance with demand at reasonable prices. If production is held down to 291 million acres in 1965, we will need a substantial land retirement program, amounting to over 50 million acres. It is essential that we keep the acres we now have under the conservation reserve program from coming back into production and at the same time enlarge the cropland retirement program.

I respectfully urge the committee to give serious consideration to the sound economics of the extension of conservation reserve contracts as provided in my bill, H.R. 3993.

Then, let me add this: the conservation of our national resources is of paramount importance in all programs of this nature. I have long contended that it is far better to store fertility in the soil rather than store the products of this fertility in bins. The poor soil of China is a good example of what happens when you abuse resources and keep taking away without putting anything back. So, above and beyond the economic factors involved, the conservation reserve program merits extension for its contribution to the overall program of conserving natural resources for future generations. I respectfully submit this as an additional reason why H.R. 3993 should be enacted. Thank you.

(The following letter was also submitted to the committee:)

AMERICAN SEED TRADE ASSOCIATION, INC.,
Washington, D.C., June 21, 1963.

Subject: H.R. 6491.

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

DEAR MR. COOLEY: Our Nation's agriculture is now approaching a period when the impact of acreage released from the conservation reserve program will have to be fitted into a new pattern of farmland use.

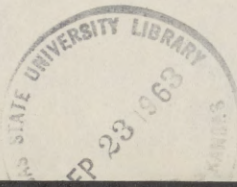
In view of the fact that contracts on over 7,400,000 acres will expire on December 31, 1963, both farmers and suppliers alike must make plans and be prepared for meeting either the addition of this acreage to crop production or the maintenance of it in some kind of program that will prevent erosion, weeds, insect, and rodent infestation.

While part of the land set aside in the conservation reserve program, as well as in other programs, was marginal land, a high percentage was good cropland, and the impact on surpluses now existing will be compounded if a substantial proportion of such acreage comes back into crop production.

From this viewpoint, such acreage should be converted into some longtime use such as permanent pasture, expansion of recreation facilities, or some wildlife habitat until such time as this acreage may be needed for cropland production.

Reports we have from the Midwest indicate that, while a part of the land may remain out of production under a feed grain program, the possibility does exist that a large part of it could be plowed up and planted to feed grains. Should such be the case, the impact on feed grain production in the future could further aggravate our surplus problem unless a substantial increase in demand for feed grains develops in the meantime.

We do not propose to know what the solution should be, but we are impressed that the proposed amendment to the Soil Conservation and Domestic Allotment Act would permit the Department of Agriculture more flexibility in coping with the problem.



We respectfully request that your committee consider our views and that this letter be included with the testimony on the bill, H.R. 6491.

Sincerely yours,

WILLIAM HECKENDORN, *Executive Secretary.*

The CHAIRMAN. We will stand in recess until tomorrow morning at 10 o'clock, when we will have an executive hearing.

(Whereupon, at 11:50 a.m., the committee recessed, to reconvene at 10 a.m. on Wednesday, June 26, 1963, in executive session.)



