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FACILITATE THE WORK OF THE UNITED STATES
DEPARTMENT OF AGRICULTURE

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HEARING
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

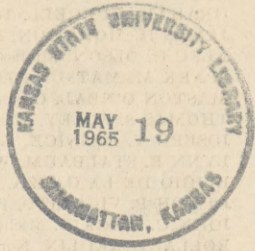
FIRST SESSION

ON

H.R. 5508

MARCH 10, 1965

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2	2. The second part of the book is devoted to a detailed account of the history of the United States from 1876 to the present time. It covers the period from the Reconstruction era to the present, and is divided into two main parts: the Reconstruction era and the present time.
3	3. The third part of the book is devoted to a detailed account of the history of the United States from the present time to the future. It covers the period from the present to the future, and is divided into two main parts: the present time and the future.

TO FACILITATE THE WORK OF THE U.S. DEPARTMENT
OF AGRICULTURE

WEDNESDAY, MARCH 10, 1965

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

The committee met, pursuant to notice, at 10:15 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley (presiding), Poage, Gathings, Jones of Missouri, Stubblefield, Purcell, Olson, Matsunaga, O'Neal, Foley, Stalbaum, De la Garza, Vigorito, Redlin, Bandstra, Greigg, Callan, Dague, Teague of California, Latta, Harvey of Indiana, Findley, Burton of Utah, Walker, and Resident Commissioner Polanco-Abreu.

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 please be in order.

We are delighted to have you gentlemen here, especially Mr. Minor, whom we have not seen in a long time. Who is going to speak for the Department?

Mr. GRANT. I will. I am Charles Grant, Director of Finance of the Department of Agriculture. I will lead off and explain briefly the purpose of the bill, and then I will call on my colleagues here to discuss and explain specific sections.

The CHAIRMAN. Very well. You may proceed.

(H.R. 5508, introduced by Mr. Cooley, follows:)

[H.R. 5508, 89th Cong., 1st sess.]

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

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

SEC. 2. The Secretary of Agriculture is authorized to make grants, for periods not to exceed five years' duration, to State agricultural experiment stations, colleges, universities, and other research institutions and organizations and to Federal and private organizations and individuals for research to further the programs of the Department of Agriculture. Each recipient of assistance under this section shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such grants; the total cost of the project or undertaking in connection with which such funds are given or used, and the amount of that portion of the costs of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. The Secretary of Agriculture and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the grants received under this section.

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

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

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

SEC. 5. Section 104(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), is further amended by inserting, after the word "*Provided*," the following: "That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines not to be needed, within a reasonable period of time, for such purpose: *Provided further*,".

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

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

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

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

SEC. 7. Section 1 of the Act of July 12, 1943 (5 U.S.C. 542-1), is hereby amended by striking out the word "reimbursed" and inserting in lieu thereof the words "credited with advances or reimbursements" and inserting after the word "*Provided*", the following: "That such advances shall not be available for any period beyond that provided by the Act appropriating the funds: *Provided further*,".

SEC. 8. Subject to limitations applicable with respect to each appropriation concerned, each appropriation available to the Department of Agriculture may be charged, at any time during a fiscal year, for the benefit of any other appropriation available to the Department, for the purpose of financing the procurement of materials and services, or financing activities or other costs, for which funds are available both in the financing appropriation so charged and in the appropriation so benefited; except that such expenses so financed shall be charged on a final basis, as of a date not later than the close of such fiscal year, to the appropriations so benefited, with appropriate credit to the financing appropriation.

SEC. 9. Section 8f of the Agricultural Adjustment Act of 1933, as amended (7 U.S.C. 608f), is hereby repealed.

STATEMENT OF CHARLES L. GRANT, DIRECTOR OF FINANCE; ACCOMPANIED BY F. H. SPENCER, DEPUTY ADMINISTRATOR, MANAGEMENT, AGRICULTURAL RESEARCH SERVICE; DR. F. R. SENTI, DEPUTY ADMINISTRATOR, NUTRITION, CONSUMER AND INDUSTRIAL USE RESEARCH, AGRICULTURAL RESEARCH SERVICE; W. A. MINOR, ASSISTANT ADMINISTRATOR FOR MANAGEMENT, FOREIGN AGRICULTURAL SERVICE; ROBERT L. HILL, ASSISTANT TO THE DIRECTOR, OFFICE OF PERSONNEL; AND CARL J. MILLER, CHIEF, U.S. WAREHOUSE ACT BRANCH, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. GRANT. Mr. Chairman and members of the committee, we appreciate this opportunity to appear before you in support of H.R. 5508, to facilitate the work of the Department of Agriculture.

This bill consists of nine relatively minor but important provisions which have been brought together to facilitate consideration by the Congress. These items are proposed in order to improve and make more effective the administrative operations of the Department.

This bill is identical to H.R. 7155 as reported by this committee in the last session of the Congress, but on which no action was taken by the Senate.

The CHAIRMAN. That bill was passed by the House?

Mr. GRANT. Yes, it was passed by the House. No action was taken by the Senate. I said that it was identical. It is identical except for three provisions. The bill that was passed in the last session by the House included a provision giving authority to the Secretary to designate agricultural attachés in certain specific circumstances as agricultural counselors. That provision is not included in this bill.

Mr. POAGE. Why was that left out?

Mr. GRANT. I beg your pardon?

Mr. POAGE. Why was that left out?

Mr. GRANT. It was left out because we have been advised by the Budget Bureau that they want to consider this provision further and it has not been approved for inclusion in this bill.

Mr. POAGE. If they want to consider it further they had better be considering it now. I think that it is quite clear that we are not going to sit here all session and wait until the Budget Bureau makes up its mind whether they want these things passed or not. They cannot make up their mind with the farm bill; they cannot make up their mind about these things. I know that that is not your fault.

Mr. GRANT. No. The bill which the House passed during the last session included a provision relating to the Department's working capital fund authorizing us to transfer to the fund equipment and to capitalize it in the fund. Because of certain questions that have been raised, primarily by the General Accounting Office, we have decided to omit that provision this year and limit the proposal to authority to make advances to the fund.

The General Accounting Office felt that the Congress might be losing some control over expenditures if this provision were included. We have decided under the circumstances, that this provision is not of major importance to us and, in order to facilitate getting the bill through, we would delete that provision.

The third difference in the bill as it passed the House during the last session and the present bill is another provision that has been added this year to the working capital fund proposal. Language has been added to section 7 to make it clear that our proposal to make advances to the fund will not extend the availability of funds beyond the time that the Congress specifies in the appropriation act.

Again there was a feeling, I believe, on the part of some, that the provision as it passed in the last session would have permitted the Department to change the availability of appropriations, so we have written this so as to make it more restrictive and to make it clear that that is not the intent.

The first three provisions in this bill relate to the activities of the Agricultural Research Service, and with the committee's permission I would like to have Mr. Frank Spencer, Deputy Administrator of the Agricultural Research Service, briefly describe those sections.

The CHAIRMAN. Very well. We will be glad to hear from you.

Mr. SPENCER. The first section authorizes the Department to erect facilities on land which is owned by States or other political subdivisions or by corporations or individuals, but which is secured for the estimated life or the need for the building to be constructed. It will be used mostly for the construction of research facilities. As you know, much of our research is cooperative and the buildings are very frequently located on the campuses of State agricultural experiment stations. These institutions are almost invariably willing to make land available for the erection of our buildings, but in many instances they lack the authority to sell or donate the land without specific action by the State legislatures. This means that in these cases we are limited to the construction of a temporary type of building. These can be the Butler-type or the quonset-type building, but are not masonry construction. This results in a rather inferior type of building and usually it does not fit in at all appropriately with the other buildings on the campus.

This authority, if granted, would permit the Department to construct a more suitable type of building on land which is owned by these cooperative institutions. In every case the interest of the Government would be protected through leases or other instruments which would insure tenure for the estimated life or need of the structure.

The CHAIRMAN. Suppose that some States would offer land on which these were to be built? Who would have the title?

Mr. SPENCER. If the State offers the land and has the authority to donate the land, we take title to it and build the building.

The CHAIRMAN. The reason I was asking the question is that we have a place in North Carolina called the research triangle. It is supported by the University of North Carolina, Duke University, and North Carolina State College. I am certain that land could be made available there for such institutions. If it was decided to put one in that area, would you have authority officially to accept the site?

Mr. GRANT. We have authority in the organic act of 1944 to accept the donation of land by transfer, or when provided in appropriation acts to purchase land needed for the administrative operations of the Department.

The CHAIRMAN. What size building did you have in mind?

Mr. SPENCER. The laboratories that we would plan to erect, in buildings of this type, would not be big jobs like the National Animal

Disease Laboratory, that type of thing. They would range in general probably from a limit of \$20,000, above which we cannot build without specific authority up to, perhaps, \$200,000 or \$300,000 in maximum. We would not plan to put a major type of building on land under lease.

The CHAIRMAN. Do you mean up to 200,000 square feet?

Mr. SPENCER. In dollars. I mean dollars. We cannot erect any permanent-type structure without specific legislative authority in the appropriation.

Mr. TEAGUE of California. The first part of the bill particularly deals with funding appropriations. I understand that we passed approximately the same bill last year. I take it that Mr. Whitten and his committee have no objection to this being reported here? Do you recall?

The CHAIRMAN. Did you have any objections from them?

Mr. GRANT. No, sir. The House Appropriations Subcommittee has not raised any questions at all on the bill as it was passed by the last session.

The CHAIRMAN. This a substitute?

Mr. GRANT. Yes, sir.

Mr. TEAGUE of California. I have confidence in Mr. Whitten. If he had any objections I would assume that we would know about them. I am glad to know that he has no objections.

The CHAIRMAN. Are there any further questions of this witness? If not, we will proceed to the next.

Mr. SPENCER. Section 2 would authorize the Department to make grants for a period not to exceed 5 years to the State agricultural experiment stations, colleges and universities, and other research institutions, for research on parts of the program on behalf of the Department of Agriculture. This does not refer to the grant authority of the Department under the Hatch, Adams, and similar acts which are grants on a formula basis. This refers, rather, to grants for specific pieces of research which are needed to accomplish the Department's purposes.

At the present time our grant authority in this area is limited to grants for basic research to nonprofit institutions and we find that there are institutions that are not nonprofit institutions which do highly satisfactory research work and, also, that very often after making a grant for a piece of basic research we find that as it develops that there is a need for applied research which requires us either to contract for the work to do so or to make some other arrangement through cooperative agreements for the institutions performing the research to go ahead with that phase of the work. The feeling of the Department is that much more effective work could be done if this authority were extended to apply to types of research other than basic and also to make other than nonprofit institutions eligible to receive grants.

Mr. LATTA. I have a question on that section. You have in that section a reference to making grants to Federal organizations—what do you have reference to there?

Mr. SPENCER. The National Academy of Sciences. Frequently there are available to institutions like that means of doing research that we need, but under the present grant arrangement we are not able fully to avail ourselves of their services.

Mr. LATTA. Thank you.

The CHAIRMAN. Proceed.

Mr. MATSUNAGA. The same question could arise under the bill that we just passed out of the House. Supposing that a grant was given to a private organization and it comes up with some process that is unique, who would own the title to that?

The CHAIRMAN. That is not involved in this bill, is it? That was involved in the bill that we had on the floor last week.

Mr. MATSUNAGA. That is what I am referring to. Is not the same problem here involved?

Mr. SPENCER. In general, our policy on the results of research are that such discoveries must either be patented to the Government or made available under a license which has to be approved by the Department.

Mr. MATSUNAGA. Do you have a contractual agreement?

Mr. SPENCER. With the grantee.

Mr. MATSUNAGA. So that the title would belong to the Government?

Mr. SPENCER. Yes, sir.

The CHAIRMAN. All right. You may proceed.

Mr. SPENCER. Section 3 authorizes the Department to provide liability insurance coverage on the operation of its motor vehicles in foreign countries. This is a problem which has plagued us for a number of years. It is not large, so far as its proportions are concerned. The total amount of expense involved would be only a few thousand dollars, but as it is now our employees operating motor vehicles in foreign countries, if they are protected by insurance, have to pay their own premiums, which seems very unfair and which has been quite a burden on them in some instances.

The CHAIRMAN. That is liability insurance?

Mr. SPENCER. Yes, sir.

Mr. GRANT. Mr. Minor will discuss the proposal with respect to agricultural attachés.

Mr. MINOR. Mr. Chairman, the Department is requesting authorization for the Secretary to permit an agricultural attaché or other employee of the Foreign Agricultural Service assigned to duties overseas to be brought back to the United States for a period of reorientation with domestic agriculture without having to take a reduction in grade in the event that there is no position available at his particular grade. Generally there will be positions that fit the man's qualifications at his grade, but if we brought back a grade 15 who is an expert in marketing and there happened not to be an opening at that time in that grade, he could be assigned as a marketing specialist and go ahead and do his work here and become reoriented and prepare himself to go back out again.

Such assignments would be limited to 3 years. And at the end of 3 years we would have to make other arrangements if there was not a job available at that time or he was not ready to go back to the field.

The CHAIRMAN. He has to come back here for 3 years to be re-oriented?

Mr. MINOR. Yes. They would actually carry on assigned work here. We rotate our people between Washington and the field.

The CHAIRMAN. I know that. I believe in rotation. I believe in bringing them back here. If a man has been away from home for

10 years I believe that he should be brought back to this country, but I do not see why, if he comes back, he has to hang around Washington for 3 years, even though he is working.

Mr. MINOR. You do not learn U.S. agriculture over again quickly. For most attachés the period of orientation is 1 or 2 years.

The CHAIRMAN. I think there should be some limit on it. I do not know of any agricultural attaché who needs 3 years to become familiar again with American agriculture.

Mr. MINOR. I do not, either, think that he usually needs that long a period.

The CHAIRMAN. I do not see why you set it at 3 years.

Mr. MINOR. We would seldom use the 3-year period.

A similar authorization in the State Department, I believe, is 4 years but we have held to 3 years. And we do not expect that we would be using that generally.

It is possible that the particular post that we would want to send a man to might not be open exactly at the time that he would be ready to go out again. This timing is a part of the picture in fitting assignments all over the world. We anticipate that the authorization will be used for a very few people. The legislation limits its use to not more than 15 at any one time and we anticipate that we generally will not use nearly that many. It will facilitate our rotation of personnel and make our work here and in the field more effective.

The CHAIRMAN. For how many years do our attachés stay abroad?

Mr. MINOR. They go for 2-year tours after which they are usually back for a short period of home leave and go out for another tour. Most of them serve from 4 to 6 years before they are assigned back here.

Mr. OLSON. Mr. Chairman, I would like to suggest that they spend some time in the farm communities when they come back to the United States to reorient themselves to American agriculture. And I feel that it might also be of benefit for some who have never seen a family farm and who have been working in the Department downtown for a long time.

The CHAIRMAN. Amen.

Proceed with your statement.

Mr. MINOR. They do spend some time out in the field. They spend their home leave out there, usually.

I believe, unless there are some questions, that covers it.

The CHAIRMAN. Are there any further questions?

Mr. FINDLEY. The purpose of this section is to bring them back for a maximum of 3 years, when they come back?

Mr. MINOR. That is correct.

Mr. FINDLEY. Is that assignment voluntary on their part or is it generally required?

Mr. MINOR. Usually we work together on it, but we do order them back. In other words, we bring them back even though they might like to stay out without coming back.

Mr. FINDLEY. This pay protection would not be for special extra pay because of oversea duty?

Mr. MINOR. Oh, no, it is at the regular grade and pay. Their salaries are in line with the stateside people. This amendment would not mean any additional pay for anybody but would avoid the necessity of reducing them in case there is not a place available in the

Department which fits their qualifications and which would give them the kind of experience that they need to go back out again.

Mr. GATHINGS. This follows what Mr. Findley asked about. Do they get additional emoluments over and above their grade 15 pay, for example, when they are abroad, and if so, when they come back to this country they would lose that additional percentage, would they not?

Mr. MINOR. They get a quarters allowance or quarters are furnished overseas. This is standard for people who are stationed in foreign countries. In a few posts, where the costs are especially high, they get a cost-of-living adjustment. At some of the posts where living conditions are extremely difficult they get what is known as a hardship allowance.

Mr. GATHINGS. What percentage would that hardship allowance be?

Mr. MINOR. That can go as high as 25 percent. There are very few posts that have the hardship allowance, and still fewer that have the 25 percent. When they come back to the States they get nothing except their salary.

Mr. GATHINGS. Thank you.

Mr. MINOR. As a matter of fact, sometimes they look on the service here as a letdown since they have to provide their own housing and they get none of these other allowances. It makes quite an adjustment necessary.

The CHAIRMAN. You may proceed.

Mr. MINOR. Section 5, Mr. Chairman, authorizes the Secretary of Agriculture to release currencies set aside under section 104-A, Public Law 480, when he determines that the currency set aside in the particular country is in excess of the needs within a reasonable period of time for the market development program. When, for example, a billion dollars' worth of foreign currency is received for commodities under title I, at least 5 percent of that total, not country by country, but of the total, is required to be set aside for market development. This means \$50 million for each \$1 billion of sales proceeds.

Our market development program is running at a level of obligation of some \$16 to \$17 million per year at the present time. The currencies that are set aside are building up faster than the rate of obligation. Most of the currencies that are accrued under title I are in the excess currency countries or in countries where market development opportunities are limited. The set-aside is requested of amounts available for U.S. use, in currencies which are needed for market development. We also make full use of the provision, which the committee provided, for conversion from one country to another to permit us to do work in potential dollar market areas. However, there is a buildup in certain countries of currencies which cannot be converted and which we do not need in the countries where they accrue. This is particularly true in the excess currency countries and in countries like Korea and Iceland, where market development opportunities are quite limited.

The proposed amendment would permit the Secretary, on a selective basis, to release currencies which he determines are not needed. We would strongly urge the adoption of the amendment.

The CHAIRMAN. When you say "release," you mean just to give it back to the treasury?

Mr. MINOR. No, give it back to the Treasury of the United States—release it from the set-aside for market development. It would still belong to the United States. It would not change that at all. It would simply release it from being set-aside for market development.

The CHAIRMAN. I see.

Mr. FINDLEY. Would these currencies then be available for any other specified and authorized U.S. uses?

Mr. MINOR. That is right.

Mr. FINDLEY. Would this provision be retroactive so that any funds for market development unused in previous years in these recipient countries would then automatically be released for U.S. uses in those countries?

Mr. MINOR. Any that is set aside for U.S. use, regardless of when it was set aside, could be released.

Mr. FINDLEY. And the effect of this amendment would be to release any funds accumulated in the past?

Mr. MINOR. It would permit their release. There is another provision of law which has permitted the Treasury to go ahead and actually use the currency where it was needed, but they were still obligated to provide the funds for market development when they were called for. It would in that case release the obligation to replace the currencies. To the extent that it will not be needed in a reasonable time, we believe that it should be released to the Treasury.

Mr. TEAGUE of California. I have considered this market development part very important and worthwhile as a project, and I would like to say for the record and to express the hope that the Department will certainly not cut down on its efforts to develop foreign markets. As I understand the situation there are few ways that the foreign country can be used properly. And this seems to me one of the best ways. I hope that there will be not too much of a cut or to be used for some other purpose.

The CHAIRMAN. I quite agree with you, Mr. Teague. I am just wondering why you have not used all of this money for market development. We sit around here with \$8 billion or \$9 billion invested in agricultural commodities stored in warehouses which are packed and jammed. You cannot tell me that you could not use more of this money than you are using for greater market development. I know that in some places where we have used this money we have gotten benefits, but what bothers me all of the time is that the Department is not trying to do as much as they could and should do with these funds.

Could you tell us how much you have in Pakistan and in India?

Mr. MINOR. On the basis of estimates of sales through June 30, 1965, we will have a total set-aside of approximately \$260 million of which about 13 percent is in India.

In other words, there is about \$33 million in India. The amount in Pakistan is about \$25 million. The opportunity to expand markets in India and Pakistan is limited. We are using Indian and Pakistani currencies to the extent that we can make them effective.

The CHAIRMAN. Could you not use that money in some other country?

■ Mr. MINOR. Only the part that is subject to conversion under the agreements, I will make two points. We have no intention of releasing any currency that we believe can be used for market development in the country where it is located. We have no intention of releasing any currency which can be converted into currencies to be used in other places. In other words, all of the currencies which can be converted will be held as will currencies which can be used in India. When we could ever use \$35 million in India I do not know, and we are converting all that we can convert from there.

The CHAIRMAN. We have one loan to India of \$2,200 million which took up almost all of the moneys that we authorized for the whole wide world. We gave them 45 percent of the money; we loaned the other 45 percent, and the remainder was left for U.S. uses.

Do we now propose to give them back that amount?

Mr. MINOR. We do not propose to give any of it back to India.

The CHAIRMAN. And we do not propose to give it to anybody else?

Mr. MINOR. It would still be available for other U.S. uses.

The CHAIRMAN. We could use some of those funds in some other country, couldn't we? Can you use it in Italy, for example?

Mr. MINOR. In Italy?

The CHAIRMAN. In Italy, yes.

Mr. MINOR. We have been converting money into Italy. We converted some \$1 million into Italy last year for use in market development. I do not know whether it was from India or Poland or where. We are converting money into Italy.

The CHAIRMAN. What is wrong with that? Seventy-five percent of all of the funds are in those three countries, India, Pakistan, and Poland, are they not?

Mr. MINOR. About 38 percent of the funds are in the seven excess countries which includes both the ones you have mentioned.

The CHAIRMAN. What you are doing is releasing it from market promotion and using it for something else; is that right?

Mr. MINOR. Yes, but we would not release any that can be used effectively for market development. Also the Secretary, under the set-aside provision, can request the set-aside of currencies received in repayments of loans and interest. There are large sums in many of these countries that have been loaned to the country, and as those are repaid the Secretary can place those currencies in the set-aside if the needs should arise.

The CHAIRMAN. Do you not agree that there are many places in the world that we could use all of this money for promotional purposes when we are sitting here in this country with billions of dollars of commodities that we cannot give away.

Mr. MINOR. No, sir; it is not practical to use it in some places and it is not possible to move much of it into the places where it could be used effectively.

The CHAIRMAN. Did you say that you could not take the money from India, for example, and convert the rupees and use them somewhere else?

Mr. MINOR. We can within the limits that are prescribed in the agreements and none of that will be released. No money that can be converted from Indian rupees to any other country's currency will be released at any time.

The CHAIRMAN. All right. Thank you.

Mr. FINDLEY. In future agreements under title I will you still provide 5 percent which is earmarked for market development in each of these agreements?

Mr. MINOR. The law requires that it be done, yes.

Mr. FINDLEY. So that this authority would not be used to reduce it to, say, 3 percent based on the actual usage of the currencies in the past?

Mr. MINOR. No, the set-aside is required to be 5 percent of the total proceeds from the agreements, which are signed. The amendment does not change the 5-percent requirement nor does it change the requirement that 2 percent of the 5 percent be available for conversion to other countries where it is needed more.

Mr. TEAGUE of California. I would appreciate having two or three examples of how you are going to use the money or how the money will be used which is released.

Mr. MINOR. Which is released?

Mr. TEAGUE of California. Yes.

Mr. MINOR. Let us take Korea, for example: I do not have exactly the amount that is there, but we have set aside substantially more than practical judgment would indicate to us can be used for market promotion in Korea because of the limited power to buy. When this is released the Secretary would simply write to the Secretary of the Treasury and say, "I release so much of the currency which was set aside for market development in Korea." It would then be available in the Treasury to be used for any of the purposes specified in section 104 of Public Law 480. The amount available in each of the various U.S. use items of section 104 is spelled out in the appropriation acts of the Congress. So it would actually be the Congress that would be determining which sections would be authorized to use them.

Mr. TEAGUE of California. Could they be used as a part of our overall foreign aid program, military assistance, or economic aid to foreign countries?

Mr. MINOR. There are provisions in the act for some acquisitions of materials and things like that, for the programs; yes, sir.

Mr. TEAGUE of California. Thank you.

The CHAIRMAN. What are some of the purposes for which they might be used and in what countries would there be these releases?

Mr. MINOR. Most of the release, for instance, would be in countries like Poland, India, Pakistan, and Egypt. Those are the principal excess currency countries. And Israel, too. There would also be the countries like Iceland and Korea. And I would have said earlier Taiwan, but now I am not sure about it. These are the type of countries where the release would take place. It would not be released where it can be used for market development.

Mr. POAGE. How about Brazil—are you using it there at all?

Mr. MINOR. There is a fairly substantial amount in Brazil but I would not want to commit myself on Brazil without a further look at the figures. Brazil possibly would be a place where some could be released.

Mr. POAGE. You have vast amounts there now.

Mr. MINOR. Yes, it is accumulating there.

Mr. POAGE. You are using a substantial amount of the money?

Mr. MINOR. That is right. It takes rather large amounts to accomplish very much in Brazil, with the exchange rates and price level as they are.

Mr. POLANCO. Can those funds be used in Latin America?

Mr. MINOR. Yes. We can convert the currencies that can be converted to any country where we want to use them. I do not believe that there is any country in Latin America where there would likely be any large excess except, possibly, in Brazil.

Mr. POLANCO. In Brazil?

Mr. MINOR. Yes. And in the others I think that we would need the currency being generated.

The CHAIRMAN. How does it happen that in Poland you should have such enormous amounts of currencies?

Mr. MINOR. Through title I sales in previous years. As you know, these currencies have not been loaned to Poland and if they are not used for U.S. uses, the Polish Government is obligated to repay them in dollars as they become due.

The CHAIRMAN. When will they start paying?

Mr. MINOR. I believe that the first payments are due in 1967—that is my recollection.

The CHAIRMAN. When they start paying us back in dollars, they will not be able to trade with us, will they?

Mr. MINOR. The Department would reduce the dollars otherwise available for purchases but their economic development and increased trade should enable them to acquire foreign exchange that could be converted into dollars to maintain substantial purchases from the United States.

The CHAIRMAN. We have enormous amounts piled up in that country that we have no use for.

Mr. MINOR. Yes—all of the Polish sales proceeds are for U.S. uses only. Under the new authorizations for Public Law 480 there will be no title I sales to Poland, so anything that we use from here on will be reducing the total.

Under the provisions of the recent Public Law 480 extension, title I is not now available to Poland.

The CHAIRMAN. Can you sell to them or give it to them?

Mr. MINOR. We can sell to them under other provisions for dollar credit, but not under title I.

Mr. POAGE. You can make them under title IV.

Mr. MINOR. You can make title IV sales, yes.

The CHAIRMAN. How about that?

Mr. MINOR. I am not in a position to tell you the exact situation at the present time.

The CHAIRMAN. Are we making any?

Mr. MINOR. I am sure that we are ready to do so.

The CHAIRMAN. People from the Polish Embassy have come to see me, and they all want to talk about tobacco and other commodities which they cannot buy. Why can't they buy these commodities, especially ones we have in surplus?

Mr. MINOR. No, I am not aware of that. We have been selling to them. That does not happen to be my particular field, so that I am not able to give you complete information on it at the moment, but title IV sales can be made for credit and I am sure will be considered.

Mr. FINDLEY. The excess currency in Poland is somewhere around \$500 million, I believe.

The CHAIRMAN. How much?

Mr. FINDLEY. \$500 million, is it not?

The CHAIRMAN. That is what I thought.

Mr. FINDLEY. You say that this will be repaid in dollars. What percentage of that would be repaid, over what period of years?

Mr. MINOR. All of it except that which is expended for U.S. uses in Poland or converted to other countries.

Mr. FINDLEY. All of it. So that we can expect eventually to recover all of this money in hard currency; is that correct?

Mr. MINOR. That is the term of the sales.

Mr. FINDLEY. I understand that Egypt and Israel are the only two countries now utilizing the tourist dollar exchange program. I understand that India may start it a little later this year. Can you tell us why it is that this provision which would help our balance-of-payments problem substantially has not been implemented? There are 30 countries which have accepted this as an approved use of currencies under title I sales, but in only two is it actually being carried out, although the authority is on the books for the others.

Mr. MINOR. That is not a responsibility of the Department of Agriculture and I am not prepared to state the facts on it. It is the Treasury Department that makes those sales through U.S. Embassies.

Mr. FINDLEY. So far as you are aware, you cannot implement this tourist dollar exchange program, can you?

Mr. MINOR. That section is not assigned to the Department of Agriculture. We have no responsibility for it.

Mr. FINDLEY. Thank you.

Mr. POAGE. May I ask in that connection how anyone could reasonably expect tourists to buy these counterpart funds at the present time when there is no inducement to the tourist to buy them, is there?

Mr. MINOR. I am not the expert on that, Mr. Poage, but as far as I know they do not get more at the embassy for them than they would be able to get otherwise.

Mr. POAGE. They are liable to get less in some cases.

The CHAIRMAN. A man was here yesterday who was going on a trip and he had to buy them at the Treasury. You say that he can get them at the embassies?

Mr. MINOR. In certain countries they are available. I am not prepared to say which countries.

Mr. FINDLEY. In Israel and Egypt right now.

The CHAIRMAN. He could not walk into the Embassy in London or Rome or any other place and buy them?

Mr. POAGE. He should be able to buy them anywhere where there are excess currencies on hand.

The CHAIRMAN. I know of two countries where they can. You say there are only two countries in the world where they can do that?

Mr. FINDLEY. Yes. I might say that I offered an amendment to Public Law 480 which became the authority for this program. I have encouraged the Treasury ever since to promote it. It has been promoted on a very meager basis by the Treasury and the State Department. Knowledge of this exchange opportunity is very limited. There has been some sale of these currencies, Mr. Poage, in Egypt and Israel I believe.

It is extremely limited considering the fact that most people going to Egypt and Israel do not even know that it exists. With good promotion by the Treasury and the State Department I think that it could be of tremendous assistance to our balance-of-payment problems.

Mr. POAGE. Under the law of the United States, not Egypt, not Israel, but of the United States our Government sells these currencies to any tourist that wants them, as I understand it. The United States must sell them to these tourists; is that not right?

Mr. MINOR. The authorization is for the United States to sell them, yes.

Mr. POAGE. In Egypt and Israel, as I understand it, you take these funds that are not allocated to American uses and you use them for sales to tourists; is that correct?

Mr. FINDLEY. They are funds which are necessarily allocated to U.S. uses.

Mr. POAGE. Is that anywhere in the world?

Mr. FINDLEY. But the tourist cannot buy currencies there.

Mr. POAGE. Can he buy if the United States wants to sell them to him?

Mr. FINDLEY. No, not according to my understanding.

Mr. MINOR. They are for the use of the U.S. Government for its purposes.

Mr. FINDLEY. For specific purposes.

The CHAIRMAN. You mentioned Egypt. If an American wants to go to Egypt, could he go right down here to the Treasury or State Department and buy some counterpart funds for use there?

Mr. FINDLEY. He could go to the Embassy in Egypt and buy them.

The CHAIRMAN. Can he buy them here?

Mr. MINOR. No, he cannot.

The CHAIRMAN. He cannot buy them here?

Mr. MINOR. For that private individual that is correct.

The CHAIRMAN. He can go to Cairo and buy the foreign currencies?

Mr. MINOR. Yes, sir. He could go to the Embassy and buy the currencies and expend them for whatever purpose that he wants to.

Mr. POAGE. But the important question is, what advantage is there to the individual? I know that it is an advantage to the Government. What advantage is there to the individual to do so?

Mr. MINOR. The advantage to the individual is that, so far as I know, as a citizen of the United States he is interested in the welfare of the United States and when he buys those currencies his dollars come directly back to the Commodity Credit Corporation instead of going into the treasury of the country where he is located or to a private firm there and becoming dollar exchange.

Mr. POAGE. Of course, you could say the same thing if I buy this water pitcher and it is made in the United States, that is an advantage to me. But, frankly, I do not know whether it is made in the United States or in Japan, this water pitcher. It is too filled with water for me to turn it over and see. That is an argument which would lead to the belief that everybody in the United States, if he refused to buy any foreign goods in the United States, to buy a water bottle like this, that is made in Japan, if it is, it has exactly the same effect upon our trade as when I go to a foreign country and spend my dollars to buy their local currency, does it not?

Mr. MINOR. Yes, I think that it does or will have the same effect on the balance of payments.

Mr. POAGE. Yes. There is enough business done in the United States with many of these things that are imported into the United States where the people buy them, and people who are going abroad are going to spend money when they are abroad. And if there was any advantage to the American citizen the Government would sell a lot of this currency, but if there is no advantage to the citizen he will not buy it.

On the contrary, he usually has to pay the highest rate of exchange anywhere at the Embassy. And if he has to pay that high rate he will not be very much interested in buying his currency there, will he?

Mr. MINOR. Since it is not our responsibility I would have hesitancy in quoting opinions on that.

Mr. POAGE. You just pointed out the responsibility of it is that it would help this Government, you said. And by the same token it is your responsibility. You are charged with the responsibility of helping the foreign aid program by this sale in foreign countries. And you do have a responsibility to know something about it and to have opinions on it and to express them anywhere where it might be helpful. I think that you do have a responsibility. And I think that you have a lot more responsibility than that American citizen over in Cairo, Egypt.

Mr. MINOR. It happens that the administration of that provision is assigned to another department of the Government and I cannot, nor can anyone in the Department of Agriculture, take action.

Mr. POAGE. You are talking to people who can take action.

Mr. MINOR. Yes.

Mr. POAGE. And I am saying that you have some kind or degree of responsibility to give some opinion if you have any as the result of your experience in handling these things.

Mr. MINOR. Wherever possible I think they should be available for purchase. There is no question about that. I think that we have stated that. That has been stated numerous times.

Mr. POAGE. What about the inducement to buy them?

Mr. MINOR. I do not know what would be required to give a better rate for those currencies.

Mr. POAGE. In your negotiations for new agreements, because after you have made the agreement you cannot get these people to make it any more favorable to the United States but you can oftentimes get it quite favorable to the United States while making the agreement. What about that?

Mr. BURTON of Utah. Maybe you can help me out. Did I understand correctly that we already have such agreements with 30 countries?

The CHAIRMAN. More than that.

Mr. POAGE. I think probably that many have agreed to it, yes.

Mr. BURTON of Utah. Am I also given to understand that in only two of these countries it is possible to make such arrangements?

Mr. POAGE. I understand that is probably true, from what has been said here.

Mr. FINDLEY. We set up the machinery to carry it out. I think it is unfortunate because of the dollar exchange problem. Your suggestion about an inducement to the citizen, obviously, would be helpful.

The CHAIRMAN. Would it be a gain?

Mr. MINOR. It is not 100-percent gain.

The CHAIRMAN. It would be a gain to the Treasury if we could do that.

Mr. MINOR. When a dollar is expended in a foreign country that dollar of exchange ceases to be a credit to the United States. If currencies are bought at the Embassy the whole dollar comes back, but the ability for the countries to buy U.S. commodities is decreased compared to the country purchases so that it is not a 100-percent gain.

The CHAIRMAN. Do we get a better rate at the Embassy in any country than we do on the open market?

Mr. MINOR. That varies by countries. In some countries the Embassy rate may be more favorable and in others it may be less favorable. There is usually a charge at the hotels and other banking institutions for converting the currency, which is not charged at the Embassy, so that most of the time in my experience I get just a little bit better rate at the Embassy than I would get at the hotels or the banks.

Mr. FINDLEY. Along that line, it has been suggested to permit the tourists to utilize this exchange authority to bring back duty free an additional amount of purchases from that country. This privilege would not hurt our balance-of-payments situation one bit and it would provide extra inducement for the tourist to go to the Embassy to make the exchange. Perhaps \$100 extra duty-free purchase might do the job, or even \$200 or more. The only loss that we would have would be the loss of the duty and that would be minor compared to the gain to our balance-of-payments problem.

The CHAIRMAN. That would have to go to the Ways and Means Committee.

Mr. FINDLEY. Yes, it would. And when they take up this proposal for a change to \$50 as the duty exemption for tourists they might consider that.

Mr. TEAGUE of California. I want Mr. Poage to know that on the Republican side of the table we have determined that these are made in Connecticut, good American water bottles. [Laughter.]

Mr. GRANT. There are three or four more sections that we should like to cover, if you desire.

There is section 6 of the bill which would permit the employees of the Department while detailed to States to retain their health insurance benefits in the same manner as for retirement and group life insurance. I think this is a relatively simple matter and if it is all right with the committee we will move on to section 7. If there are any questions we will be glad to answer them.

Section 7 would provide authority to make advances to the Department working capital fund. The statement which the Secretary attached to his letter to the committee I think explains rather fully the purposes of this advance or this authority. It would not extend the availability of the fund. It would not increase the cost. It would simply provide a more simple manner of carrying on the administrative operations under this working capital fund.

The CHAIRMAN. All right. Go to the next one.

Mr. TEAGUE. I have one question, if you please. What kind of transfer do you have in mind?

Mr. GRANT. This finances central mimeographing services, supply services, motion picture and arts and graphic activities of the Office of Information and also central payroll services. At the beginning of the year the working capital is depleted, so we would approve advances to the working capital fund based on firm orders from the agencies for work to be performed and then as the services are performed they would receive credit for it.

Mr. STALBAUM. This section would transfer within the agency?

Mr. GRANT. No. 8 has to do with enabling the Department to reimburse an appropriation within an agency for services performed for another appropriation. I will give an example in the Soil Conservation Service which has an appropriation for assistance to soil conservation districts, for flood prevention, and for watershed protection. They have a central Soil Mechanics Laboratory to serve all of these appropriations. A simple way to operate such a central service is to pay all of the expenses out of one of these appropriations and then get reimbursement from the others, so that you can have each appropriation carry its own share of the costs. The General Accounting Office in an opinion some years ago said in effect: "No, you have to distribute each expense to all of these funds." And this is an expensive operation. So this is proposed in order to permit us to keep the charges in one place and then distribute them at the end of the accounting period. The ultimate charge is the same to each appropriation. The General Accounting Office decision said, in effect, that this kind of legislation is the way to cure the problem.

As a matter of fact, Congress has provided this kind of authority to certain other agencies where this situation exists, and the General Accounting Office has not raised any question about this particular proposal.

Mr. TEAGUE of California. Is this section identical with the section contained in the bill that the House passed last year?

Mr. GRANT. Yes, sir.

Mr. TEAGUE of California. And the Appropriations Subcommittee of the House had no objection?

Mr. GRANT. Not to my knowledge, sir. The last section, Mr. Chairman, has to do with a proposal to repeal a provision relating to shipments of grain from public warehouses to other warehouses without cancellation of warehouse receipts. This is a provision that has been in the law for many years. It has not been practical to carry it out. It is the same provision that we discussed with the committee last year and which was approved by the committee. Mr. Miller, of the Consumers and Marketing Service, will be glad to answer any questions that you may have on it.

The CHAIRMAN. Are there any questions?

Mr. POAGE. I would like to know what it does do when you say it repeals the law? The present law allows the movement of this grain from a public warehouse to a private warehouse without changing the receipts; is that right?

Mr. MILLER. The present law provides for the promulgation of regulations to cover this subject. However, in the 25 years since the law has been on the books, the Department, for one reason or another, has not promulgated those regulations. I believe the reason is that the Department feels that this industry is adequately regulated under both State and Federal laws and under other warehousing statutes,

and that it would be confusing from the standpoint of the administration and that it would be expensive to impose new regulations and would be unnecessary.

Mr. POAGE. Why is there a necessity of repealing the law if it has been on the books for 25 years and the Department has not taken advantage of it?

I admit that it does not appear to do any good, but what possible harm does it do?

Mr. MILLER. It is doing no harm that I know of, Mr. Poage.

The CHAIRMAN. Let us repeal it anyway. [Laughter.]

Are there any further questions? If not, we will go into executive session.

Mr. GRANT. Thank you very much.

The CHAIRMAN. Thank you.

(Whereupon, at 11:20 a.m., the committee proceeded into executive session.)



