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## HEARINGS

BEFORE THE

### COMMITTEE ON AGRICULTURE

### HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

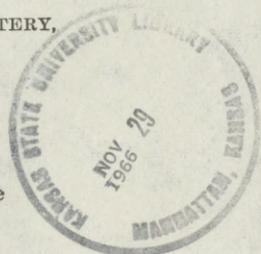
ON

- PERMIT PLANTING OF SOYBEANS IN LIEU OF COTTON IN DISASTER  
AREAS
- EXPEDITE ISSUANCE OF WHEAT CERTIFICATE IN 1966
- SCREW-WORM ERADICATION IN MEXICO
- FILING DATE FOR LEASE AND TRANSFER OF TOBACCO  
ALLOTMENTS
- PAYMENT OF INSTALLMENTS ON FARMERS HOME ADMINISTRATION  
INSURED LOANS
- ESTABLISH A MINIMUM PRICE-SUPPORT LEVEL FOR PEANUTS
- FARM REAL ESTATE LOANS ON LEASED LAND IN HAWAII
- CONVEY LANDS AND IMPROVEMENTS TO THE UNIVERSITY OF  
ALASKA
- REIMBURSEMENT TO STATE OF WYOMING FOR IMPROVEMENTS  
TO LANDS IN SWEETWATER COUNTY, WYOMING
- PROVIDE UNIFORM PROVISIONS FOR CROP LIENS
- FURNISH UPON A REIMBURSABLE BASIS INSPECTION SERVICES  
INVOLVING OVERTIME WORK
- PROVIDING FOR ANNUAL MEETINGS OF NATIONAL ADVISORY  
COMMITTEE
- RENEWAL OF LEASE TO CHICAGO, MILWAUKEE, SAINT PAUL, AND  
PACIFIC RAILROAD COMPANY
- ENDORSE THE CONCEPT OF A WORLD FARM CENTER
- SOIL CONSERVATION ON SMALL FAMILY-TYPE FARMS
- SECURITY SERVICING UNDER CONSOLIDATED FARMERS HOME  
ADMINISTRATION ACT
- PLEASANTON PLANT MATERIALS CENTER IN ALAMEDA COUNTY,  
CALIFORNIA
- SIMPLIFY REQUIREMENTS WITH RESPECT TO ASSIGNMENTS  
EXECUTED TO SECURE LOANS
- QUITCLAIM PROPERTY TO SKYLINE CHURCHES CEMETERY,  
JACKSON COUNTY, ALABAMA

Serial WW

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**H.R. 14888, H.R. 14930, H.R. 15031, TO AUTHORIZE THE  
SECRETARY OF AGRICULTURE TO COOPERATE IN  
SCREW-WORM ERADICATION IN MEXICO**

FRIDAY, MAY 20, 1966

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

The committee met, pursuant to call, at 10 a.m. in room 1301, Longworth House Office Building, the Honorable W. R. Poage presiding.

Present: Representatives Poage, Gathings, Abernethy, Jones, Hagen, Stubblefield, Olson, de la Garza, Bandstra, Teague, Findley, Everett, and Resident Commissioner Polanco-Abreu.

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

In the absence of any objection, the Chair is going to proceed.

We are going to take up H.R. 14888, 14930, 15031.

(H.R. 14888, introduced by Mr. Poage, H.R. 14930, introduced by Mr. de la Garza, and H.R. 15031, introduced by Mr. Walker of New Mexico, are similar bills the text of which follows:)

[H. R. 14888, 89th Cong., 2d sess.]

**A BILL** To amend the Act of February 28, 1947, as amended, to authorize the Secretary of Agriculture to cooperate in screw-worm eradication in Mexico

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the first sentence of section 1 of the Act of February 28, 1947 (61 Stat. 7) is amended by inserting "or screw-worm" after the word "rinderpest."

Section 2 of the Act of February 28, 1947, is further amended by adding a new section as follows:

"Sec. 5. In carrying out this Act the Secretary of Agriculture is further authorized to cooperate with other public and private organizations and individuals."

Mr. POAGE. We have representatives from the Department here to give their views on this screw-worm bill and I think we will hear from the Department at this time.

**STATEMENT OF DR. N. L. MEYER, EMERGENCY ANIMAL DISEASES,  
ANIMAL HEALTH DIVISION, AGRICULTURAL RESEARCH SERVICE,  
U.S. DEPARTMENT OF AGRICULTURE**

Dr. MEYER. Mr. Chairman, members of the committee, I am Dr. N. L. Meyer. I am senior staff veterinarian for emergency animal diseases of the Animal Health Division of the Agricultural Research Service. As you have stated, I am here to speak with you concerning H.R. 14888 entitled "To amend the act of February 28, 1947, as amended, to authorize the Secretary of Agriculture to cooperate in screw-worm eradication in Mexico."

Unfortunately, there was not sufficient time for me to have a prepared statement for distribution this morning for my appearance. However, I would be happy to provide you with some background information on the screw-worm program and a brief review of the reasons for the act of February 28, 1947, which this present legislation would amend, and to answer any questions which you may have.

Mr. POAGE. I think that will be very adequate.

Dr. MEYER. We generally refer to this legislation of February 28, 1947, as Public Law 8. It came about in the following manner. There was an outbreak of foot-and-mouth disease reported in Mexico in December 1946. By February 1947 the disease had spread to a large area of the country of Mexico. Under the authority of Public Law 8 of the 80th Congress, 1st session, which was approved on February 28, 1947, the Department of Agriculture was authorized to cooperate with the Mexican Government in a foot-and-mouth disease eradication campaign. Under an exchange of notes the Mexico-United States Commission for the Eradication of Foot-and-Mouth Disease was organized on March 17, 1947. Each Government furnished men, money, and materials for the campaign. During the more than 7 years of that foot-and-mouth disease campaign in Mexico, the U.S. Government spent more than \$134 million. In September 1952 the Mexico-United States Commission for the Eradication of Foot-and-Mouth Disease was changed to the Mexico-United States Commission for the Prevention of Foot-and-Mouth Disease. Another outbreak of the disease occurred in May 1953, but it was also eradicated and official notification of that took place in December 1954.

As of this date we still have a small group of U.S. personnel in Mexico. They are part of the Foot-and-Mouth Disease Prevention Commission. The primary purpose of these personnel, working with their Mexican counterparts, is to assure early detection of any outbreak of foot-and-mouth disease. They carry out field inspection of livestock, to determine their general condition. They make intensive and extensive investigations of any condition that is reported to be or found to be suspicious of foot-and-mouth disease. They also maintain a supply of standby equipment in sufficient quantity to start an eradication campaign and possibly to handle any small outbreak of foot and mouth disease that might occur. In fiscal year 1958 a cooperative program to eradicate the screw-worm from the Southeast was initiated in the States of Florida, Georgia, South Carolina, Alabama, and Mississippi.

The major screw-worm work was completed during fiscal year 1960, with great benefits to that region of the Nation. The primary source of spreading infestations each year to the States north of Florida was the overwintering area in southern Florida. This area was surrounded on three sides by water and to the north by a climate which does not allow native screw-worms to survive the winter. The presence of these natural barriers helped prevent reinfestation of the Southeast following eradication.

When major eradication was completed in the Southeastern States it was necessary to protect them from reinfestation. For that purpose a line of inspection stations was established along the Mississippi River. The basic problem for this line was to prevent the movement of screw-worm infested animals from the Southwestern States into the Southeast. Maintenance of that protective line required as much

as \$750,000 annually in Federal funds without any cost sharing, for the 4 fiscal years, 1961 to 1964. (The eradication of the screw-worm from the Southwest made it possible to discontinue this inspection line beginning in fiscal year 1965.)

The Southwest screw-worm program started in 1962 with the U.S. Department of Agriculture joining with several of the Southwestern States and the Southwest Animal Health Research Foundation in a cost-sharing screw-worm program. The objectives of that program were to eradicate screw-worms from Texas and New Mexico and the States to the north and east and to test the feasibility of the establishment of a barrier between the United States and Mexico to prevent reintroduction of screw-worms from Mexico into the freed areas of the United States.

In February 1964 screw-worms were declared eradicated from Texas and New Mexico. In May 1965, the screw-worm eradication program was expanded to include Arizona and the barrier zone was extended west to the Pacific Ocean. This barrier, which now extends from the Gulf of Mexico to the Pacific Ocean, will have to be operated indefinitely if we are to prevent reestablishment of screw-worms in the freed areas of the United States. The prospect of continuing the high annual cost of maintaining Texas, New Mexico, and the States to the north and east free from screw-worms made it essential to find some means of reducing the cost and at the same time preventing the reintroduction of screw-worms into the United States. With funds provided by the Congress for this specific purpose an extensive field survey of the screw-worm situation is being conducted throughout the Republic of Mexico south of the existing artificial barrier zone. The purpose of the survey is to determine what problems may be involved in relocation of the barrier zone. The country of Mexico is cooperating in this survey. This survey is designed among other things to obtain information not otherwise available relating to the areas in Mexico favorable to screw-worm breeding, the natural population density during different seasons of the year, the favorable resting areas and dispersal patterns in Mexico, the varying husbandry practices in different areas of Mexico, and the economic losses in Mexico.

Preliminary results of this survey confirm our earlier opinion that eradication of screw-worms from Mexico will probably be feasible and that an effective barrier can be maintained across another more narrow part of Mexico.

The screw-worm survey is still in progress. When it is completed, we will make a final determination as to the feasibility of eradication in Mexico and if appropriate present a plan for possible eradication. I am not in a position to make specific recommendations as to the need for this amendment, since the survey which is designed to determine the feasibility of screw-worm eradication in Mexico is not yet completed.

I would be glad to answer or try to answer any questions that you may have.

Mr. POAGE. The survey cannot be of any value unless we pass the amendment, can it?

Dr. MEYER. If the survey determines that screw-worm eradication in Mexico is feasible and it is determined by the Congress that this is the next step, then we will need some method of working with Mexico to further the program.

Mr. POAGE. That is what the amendment does?

Dr. MEYER. Yes, sir; that is my understanding of the purpose of the amendment.

Mr. POAGE. Except it adds screw-worms to the list of diseases that you can cooperate with foreign countries in eradication.

Dr. MEYER. That is my understanding of the purpose of the amendment; yes, sir.

Mr. POAGE. Of course, if the survey shows that it is impractical to do anything in Mexico, then you would not do anything with or without the amendment. But if the survey shows that it is practical and desirable to do something in Mexico, we will have to have the amendment to do it.

It that about the size of it?

Dr. MEYER. Yes, sir.

Mr. POAGE. So unless we pass the amendment now when you get a report from your survey, you are going to have to probably wait some time to get any action.

Dr. MEYER. The Department position is that the need for the amendment cannot be determined until the survey is completed.

However, the statements that you have just made I think are accurate.

Mr. POAGE. Can an amendment in any possible way hurt anybody?

Dr. MEYER. No, sir; not that I can think of right at the moment.

Mr. POAGE. You have the authority to cooperate on rinderpest; don't you?

Dr. MEYER. Yes, sir.

Mr. POAGE. You are not using it because it is impractical.

Dr. MEYER. There is no rinderpest to the best of our knowledge in Mexico.

Mr. POAGE. Nor as far as I know, but you are not using it because it is utterly impractical.

Dr. MEYER. That is true.

Mr. POAGE. It is not hurting anything; is it?

Dr. MEYER. No, sir.

Mr. POAGE. So if we passed this amendment we would be in the position to promptly act if your survey shows we should take action.

If we do not pass it you won't be in any position to do anything about it. Is that a correct statement?

Dr. MEYER. Sir, if the Department determines that it is feasible to move in Mexico, it appears that legislation would be needed at that time.

I believe the statement that you made is probably correct; yes, sir.

Mr. POAGE. Are there any other questions? If there are no other questions, we are very much obliged to you, Dr. Meyer.

As the author of one of these bills—there are about three of them here before us, all identical, I believe—I would like to let the record show that we are today maintaining a barrier along the Mexican border which, as I understand it, consists of scattering flies over in Mexico in exactly the same procedure you used in eradication in the program in the United States. I believe 300 miles inland into Mexico, entirely at the expense of the United States. The American-Mexican border is quite long. It is on the order of 1,800 miles, I believe.

Mr. TEAGUE. Mr. Chairman, I do not think anyone would contest you on any point of geography.

Mr. POAGE. Thank you, sir. I am not at all sure about that. But it is an extremely long border. Whereas, the distance is much less, on the order of 150 miles, on the isthmus, that we would have to maintain if we had eradicated the flies all over northern Mexico. If we eliminated all the flies over northern and central Mexico we could hold a line about 150 miles long, to prevent reinfestation of Mexico and therefore the reinfestation of the United States. That can be done much cheaper than holding the line where we are now holding it. We do not know exactly what kind of agreement we can get from Mexico. It is my information that the Mexican cattlemen and the Mexican Government are presently quite interested in working out a cooperative agreement under which the Mexican Government and Mexican cattlemen would pay at least a substantial part of the cost. So that it is entirely possible—and I recognize until we have the final results of the survey that we cannot speak with positive assurance, that we can save substantial amounts of money for the United States, greatly improve the economy of Mexico, and give a much more effective protection for both countries by entering into a cooperative agreement with Mexico under which the two nations would share the cost.

It is for the purpose of making this possible that this bill is introduced. The bill does nothing more than add screw-worms to a list of several diseases and parasites in the eradication of which we can cooperate with Mexico. It seems to me that it is right important that we get this bill passed promptly so that we will have authority to move at the earliest possible date.

As I asked Dr. Meyer, I can see no possible harm coming from adding this authority.

He does not intend to use it, I am sure, unless he finds that it is feasible to do. This does not require him to make any agreements unless it is found feasible. He has authority to enter into agreements now on a number of pests and diseases. Certainly that in no way burdens the United States to have that authority. This authority would simply be comparable to that which is now available for a number of diseases and pests.

Dr. MEYER. Mr. Chairman, if I might, I certainly would agree that if a barrier zone can be established in southern Mexico in an area where it can be quite short and if the barrier zone does prove 100 percent effective at that place, it would result in substantial savings.

Mr. POAGE. Of course, we have no assurance what kind of agreement we can work out with Mexico. We do not now have any authority to try to work out an agreement. The Mexicans did pay substantial costs in the eradication of aftosa in Mexico. We paid substantial costs. Under the terms of this bill we would have to negotiate with the Mexicans to see what costs they would pay and what we would pay. It seems entirely probable that we can actually bring about a situation that we can greatly reduce our costs because we are paying all the costs of maintaining an 1,800-mile border barrier today. If we paid all the costs under this bill, it would still be a great deal less than what we are paying.

If the Mexicans pay a portion of that, it would make our cost still less. So it seems to me that we have a great deal to gain. I can see nothing that we have to lose by passing this legislation.

Mr. FINDLEY. Mr. Chairman.

Mr. POAGE. Yes.

Mr. FINDLEY. The testimony may have clarified this point, and if so, I missed it. Would the establishment of this barrier at a more narrow point in Mexico mean that we would no longer maintain this 1,800-mile barrier? Would that be dropped?

Mr. POAGE. It would be dropped because if you can push the screw-worm back down to the isthmus then you would have no screw-worms north of it and all you would have to do would be to keep screw-worms from coming in from the south.

Mr. FINDLEY. The assumption is that the agreement with Mexico would provide us with enough assurance of control that we could drop the 1,800-mile-long border; is that correct?

Mr. POAGE. That is correct.

Mr. TEAGUE. I think the record should show as far as I know there is no objection on the Republican side to this bill. I do not see how there possibly could be.

Mr. POAGE. Thank you, Mr. Teague. Are there any other questions or statements on any of the three bills which are all identical? If there is nothing further on these three bills, we are very much obliged to you, Dr. Meyer. We will later go into executive session because we have other legislation.

Dr. MEYER. Thank you, sir.

Mr. DE LA GARZA. I concur with and endorse the statements of Mr. Poage and Dr. Meyer. I introduced the identical bill as a gesture of support of Mr. Poage's legislation and I recommend very respectfully favorable action by the committee.

Mr. POAGE. Mr. Graham, do you want to say a word?

#### STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE DIRECTOR, NATIONAL GRANGE

Mr. GRAHAM. I would just like to say, quickly, that we made some very substantial gains in the screw-worm eradication and it is time now, I think, to apply the basic principles of fighting any kind of a war, and that is to fight on the other fellow's territory. The farther south we can move this control, the farther south of the border, the better is our protection.

Legislation has been proposed and is in harmony with the foot-and-mouth legislation, and in our judgment it is very good legislation. We would support it and urge its adoption also.

Mr. HAGEN. What is this legislation?

Mr. GRAHAM. The legislation, as I understand, is to permit the U.S. Government to enter into a compact with Mexico so that the screw-worm eradication program can be conducted south of the border, the same as the hoof-and-mouth disease eradication which is conducted south of the border.

Mr. HAGEN. Do we need special legislation?

Mr. GRAHAM. Yes.

Mr. POAGE. May I repeat for those who were not here when we had the screw-worm hearing, all of the bills, three of them at our desks, add the words "screw-worm" to the list of insects and diseases for which we now have the authority to enter into agreements with Mexico.

Mr. HAGEN. In that connection then, I would like to have considered the possibility of adding the pink boll worm and another

cotton pest that comes across the border from Mexico. We have had a big problem with it in California. I am not sure it is on the list.

Mr. POAGE. I frankly do not know whether it is or not.

Mr. HAGEN. There are two. One is the pink boll worm and I think the pink boll weevil.

Mr. POAGE. The pink boll worm came from Mexico, and the boll weevil came from Mexico, and most of our cotton pests came from Mexico.

Mr. HAGEN. This is a pink one that is different, it is new.

Mr. POAGE. It does not offer the same sort of opportunity we have offered in the screw-worm situation. In the screw-worm situation, Dr. Meyer testified on the matter before you came in. We have a border of approximately 1,800 or more miles. We have the screw-worm eradicated on the American side. To keep them from reinfesting this country we have to maintain continual programs in Mexico. We are actually working in a strip about 300 miles wide in northern Mexico, across the widest part of Mexico, about 300 miles deep, where we are carrying on a continual eradication program in old Mexico at entirely our own expense. It is with the permission of the Mexicans but they pay nothing.

They have expressed a desire to carry out a cooperative program of eradicating the screw-worm from at least northern and central Mexico down to the Isthmus of Tehuantepec. They would like to carry it on down into Central America. I do not know if that can be done but at least we ought to have the opportunity to negotiate with them. Whether we will negotiate with them for eradication from all of Mexico or down to the isthmus trying to hold the line there, which would only be 150 miles or less to hold as against 1,800 miles; I do not know. It would be less than one-tenth as long as the present line, and this could be held much more cheaply than the present line.

I do not know a thing in the world about these other items. I certainly have not the slightest occasion to get into it, but the testimony was all given by the Department. Their witnesses have left. I would be sort of reluctant to try to open it up, an entirely new field here, although we have some pink boll worms the same as you and we would like to see them eradicated.

I just do not know enough about the background to say whether it is practical to go into Mexico and do this and do any good. I do know about the screw-worm.

Mr. HAGEN. As I understand, it is almost on all fours with what you described.

Mr. POAGE. How do you kill the pink bollworms?

Mr. HAGEN. In California we try to catch them individually. It comes from Mexico. It is not like the old bollworm, which has become endemic, but it keeps coming across the border in California from Mexico, Arizona, and maybe Texas.

Mr. DE LA GARZA. You need preventive legislation because the bollworm is a seasonal pest whereas with the screw-worm they have a system where they can eradicate it, and the screw-worm is there the year around in some areas, not as much during the winter season. But there is no solution to the eradication of the pink bollworm and boll weevil, and you just have to treat it every season.

Mr. HAGEN. As I understand, that is not exactly true. It is a relatively new development and if you get rid of the host, you can get rid of the pest.

Mr. POAGE. We have had it in Texas for over 40 years or more.

Mr. DE LA GARZA. If it is new, we have not heard of it.

Mr. POAGE. The gins in the southwest area of the plains 40 or 50 years ago had big cylinders on them where, after they ginned the bales, they put pressure on the cylinders and tried to kill the pink bollworms. We want to get rid of them just as badly as you do, but I would be disappointed if you insisted on taking this livestock bill which has a lot of push behind it—

Mr. DE LA GARZA. I am not trying to interfere with the livestock bill. To me it seems maybe we ought to look at this, too.

Mr. POAGE. I think we should, and I certainly want to go with you on it. We are as anxious to get rid of it as anybody.

Mr. DE LA GARZA. Maybe we could get the Department people back on this.

Mr. POAGE. This will be looked into, but I would hope that you would let us go on with the screw-worm bill to which there has been no opposition.

Mr. DE LA GARZA. There would not be any opposition to this; I am sure.

Maybe this other pest is a weevil; I do not know. There are two of them, I know, and they are both pink, as I understand it. It is a relatively new development, and it does come from Mexico. That is the only place it comes from. The problem is trying to get the Mexican Government to cooperate in trying to eliminate this pest. They are working, at least in my area.

Mr. POAGE. We know what we are talking about on the screw-worm. We don't know what we are talking about though on the cotton pest. The cotton pest is as vital to me as the screw-worm, but I don't want to make us look foolish by doing something we don't know anything about.

Mr. HAGEN. We are not going to try to act on the screw-worm today.

Mr. POAGE. We are going to act right this minute. I know of no opposition to it.

Mr. HAGEN. I am not opposing it, you understand. If it is possible to improve this other situation—

Mr. POAGE. I think we should go into it and as far as I am concerned I will go into it with you. I think anything we can do on that we should do. The only reason I ask that we don't tie it in here is that we hope to be able to slide this right on through with no objection to it.

Mr. HAGEN. I am sure there would be no objection to the other either, as far as that goes.

Mr. POAGE. As far as I know, there wouldn't, but I don't know whether that is in the law now or whether it isn't

Mr. HAGEN. We could find out very easily about that.

Mr. DE LA GARZA. Mr. Chairman, perhaps we need to have a hearing and get all the aspects on this.

I know that the entomologists in Mexico are working on this. It may be they have something working on it. In my area I know our experimentation and the USDA entomologist in Brownsville have been working in Mexico on this.

It is not the pink boll worm, or the pink boll weevil, but another rosy colored bug. I would suggest we call a separate meeting and get into this with the Cotton Subcommittee.

Mr. GRAHAM. In the screw-worm program we know we can eradicate. This one will work. The scientific work has been done and the distribution of the sterile male flies has been made and we know this can be done. It is here in our hands. The other I don't think we know quite what to do.

Mr. HAGEN. They have pretty well demonstrated that unless you let it get out of hand you can eradicate the other also. As I say, they catch the boll weevils individually in California.

(The following correspondence and statement were also submitted to the subcommittee:)

STATEMENT OF HON. E. S. JOHNNY WALKER, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NEW MEXICO

There was an outbreak of foot and mouth disease reported in Mexico in December, 1946. By February, 1947, the disease had spread to a large area of the country of Mexico. Under the authority of Public Law 8 of the 80th Congress, which was approved on February 28, 1947, the Department of Agriculture was authorized to cooperate with the Mexican Government in a foot and mouth disease eradication campaign. Under an exchange of notes the Mexico-United States Commission for the Eradication of Foot and Mouth Disease was organized on March 17, 1947. Each Government furnished men, money and materials for the eradication campaign. During the more than seven years of that foot and mouth disease eradication campaign in Mexico, the United States Government spent more than \$134 million. Upon completion of the campaign in September, 1952, the Mexico-United States Commission for the Eradication of Foot and Mouth Disease was changed to the Mexico-United States Commission for the Prevention of Foot and Mouth Disease. There was after that time another outbreak of the disease which occurred in May, 1953, but it was also eradicated and official notification of that took place in December, 1954.

We have continued with a small group of U.S. personnel in Mexico. They are part of this Foot and Mouth Disease Prevention Commission. The primary purpose of this personnel, working with their Mexican counterparts, is to assure early detection of any outbreak of foot and mouth disease. They carry out field inspection of livestock, to determine their general condition. They make intensive and extensive investigations of any condition that is reported to be, or found to be, suspicious of foot and mouth disease. They also maintain a supply of standby equipment in sufficient quantity to start an eradication campaign and possibly to handle any small outbreak of foot and mouth disease that might occur. To tie that in with the Screwworm Eradication Program in this present proposal, in fiscal 1958, a cooperative program to eradicate the screwworm from the Southeast was initiated in the States of Florida, Georgia, South Carolina, Alabama, and Mississippi.

When eradication was completed in the southern States it was necessary to protect them from reinfestation and for that purpose a line of inspection stations was established along the Mississippi River. The basic problem for this line was to prevent the movement of screwworm-infested animals from the southwestern States into Southeast. Maintenance of that protective line required as much as \$750,000 annually in federal funds without any cost-sharing for the four fiscal years 1961 to 1964. The eradication of the screwworm from the Southwest made it possible to discontinue this inspection line beginning in fiscal year 1965. That Southwest Screwworm Program started in 1962 with the U.S. Department of Agriculture joining with several of the Southwestern States and the Southwest Animal Health Research Foundation in a cost-sharing screwworm program. The objectives of that program were to eradicate the screwworm from Texas and New Mexico and the States to the north and east and to test the feasibility of the establishment of a barrier between the United States and Mexico to prevent reintroduction of screwworms from Mexico into the freed areas of the United States.

In February 1964 screwworms were declared eradicated from Texas and New Mexico. In fiscal 1966, Congress made available \$1 million to eradicate screwworms from Arizona and extend the barrier west to the Pacific Ocean. Preventing the reestablishment of screwworm populations in the United States will require perpetual maintenance of the barrier zone from the Gulf of Mexico to the Pacific Ocean. The prospect of continuing the high annual cost of maintaining Texas,

New Mexico and the states to the north and east free from screwworms made it essential to find some means of reducing the cost and at the same time preventing the reintroduction of screwworms into the United States. I understand that an extensive field survey of the situation is being conducted throughout the Republic of Mexico south of the existing artificial barrier zone and as far as the Mexico-Guatemala border to determine what problems may be involved. The country of Mexico is cooperating in this survey.

Preliminary results of this survey confirm our earlier opinion that eradication of screwworms from Mexico will probably be feasible and that an effective barrier can be maintained across another narrower part of Mexico.

We are today maintaining a barrier along the Mexican border which, as I understand it, consists of scattering flies over in Mexico in exactly the same procedure you use for eradication in the program in the United States,—I believe 300 miles inland into Mexico—, entirely at the expense of the United States. The American-Mexican border is quite long, on the order of 2,000 miles, I am told, but it is an extremely long border; whereas, the distance is much less,—on the order of 150 miles on the Isthmus of Tehuantepec—, that we would have to maintain if we had eradicated the flies all over northern Mexico. That still leaves Tampico without any protection. If we eliminated all the flies over northern and central Mexico we could hold a line about 150 miles long, to prevent reinfestation of Mexico and therefore the reinfestation of the United States. That can be done much cheaper than holding the line where we are now holding it. We do not know exactly what kind of agreement we can get from Mexico. It is my information that the Mexican cattlemen and the Mexican Government are presently quite interested in working out a cooperative agreement under which the Mexican Government and Mexican cattlemen would pay at least a substantial part of the cost. So, it is entirely possible—and I recognize that until we have the final results of the survey we cannot speak with positive assurance—that we can save substantial amounts of money for the United States, greatly improve the economy of Mexico, and give a much more effective protection for both countries by entering into a cooperative agreement with Mexico under which the two nations would share the cost.

We have the screwworm eradicated on the American side. To keep them from reinfesting this country we have to maintain continual programs in Mexico. We are actually using a strip in southern United States and northern Mexico, across the widest part of Mexico, which extends as much as 300 miles into Mexico, where we are carrying on a continual control program in Old Mexico at entirely our own expense.

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AMERICAN FARM BUREAU FEDERATION,  
Washington, D.C., May 19, 1966.

Hon. W. R. POAGE,  
*Chairman, Livestock and Feed Grain Subcommittee, House Committee on Agriculture,  
U.S. House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN POAGE: On behalf of the American Farm Bureau Federation we would like to express our support for H.R. 14888. This bill amends the legislation of 1947 to allow the Secretary of Agriculture to continue to cooperate in the screwworm eradication in Mexico.

The work of farmers and ranchers and the federal government in the screwworm eradication program has been outstanding. We are all greatly pleased over the announcement that the United States has been declared free of this livestock pest.

H.R. 14888 will make it possible for the U.S. Government to continue a cooperative program with Mexico in order to insure that the United States will remain free of screwworm.

We hope that this legislation can be enacted at an early date.

Sincerely yours,

JOHN C. LYNN,  
*Legislative Director.*

AMERICAN FARM BUREAU FEDERATION,  
Washington, D.C., May 19, 1966.

Re H.R. 14888.

Hon. W. R. POAGE,  
Chairman, Livestock and Feed Grain Subcommittee,  
House Committee on Agriculture,  
U.S. House of Representatives, Washington, D.C.

DEAR BOB: The recent official announcement by the U.S. Department of Agriculture of the eradication of the screwworm from the continental United States points up the need for legislation as provided in H.R. 14888. In order for a cooperative program between Mexico and the United States to move the barrier further into Mexico and prevent reinfestation of the United States, this legislation is a must.

The addition of Section 5 as provided in the bill would make it possible for interested groups such as the Southwest Animal Health Research Foundation to continue in support of programs to insure that the U.S. will remain screwworm free.

The Texas Farm Bureau respectfully urges your favorable consideration of this legislation.

Sincerely yours,

C. H. DEVANEY,  
President, Texas Farm Bureau.

[Telegram]

WASHINGTON, D.C., May 19, 1966.

Hon. HAROLD D. COOLEY,  
Chairman, House Agriculture Committee,  
House of Representatives, Washington, D.C.:

Farmers Union supports H.R. 14888 to authorize United States-Mexico joint efforts to eradicate the screw-worm and H.R. 15151 to authorize production of soybeans on cotton acreage flooded out in recent heavy rains.

I would appreciate the inclusion of this wire in the record of hearings on the above bills.

TONY T. DECHANT,  
President, National Farmers Union.

AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION,  
Denver, Colo., May 27, 1966.

Hon. W. R. POAGE,  
House Office Building,  
Washington, D.C.

DEAR BOB: The American National Cattlemen's Association wholeheartily endorses your bill, H.R. 14888.

We feel it will in large measure facilitate the maintenance of a screwworm-free status in the United States. The insect, as you well know, has been a scourge in your own State of Texas as well as across the whole southern part of the United States. We feel that your amendment to the Act of February 28, 1947 will assist in moving the program of eradication south of our border and by doing so in the long run lower considerably the continuing costs.

We ask that you please include this letter as a part of the hearing record on H.R. 14888.

Cordially,

C. W. McMILLAN,  
Executive Vice President.

Mr. POAGE. The subcommittee will now take up the other bills which we have before us for consideration.

(Whereupon, at 10:25 a.m., the subcommittee continued in open session to hear testimony on other pending legislation.)

AMERICAN LABOR UNION

AMERICAN LABOR UNION  
1111 Pennsylvania Avenue, N.W., Washington, D.C. 20004

Dear Sirs:

Reference is made to your letter of the 10th instant regarding the proposed legislation...

The American Labor Union is pleased to hear that you are interested in the proposed legislation... We are sure that your organization will find the proposed legislation to be in the best interests of the workers...

Sincerely,  
H. P. [Name]

Washington, D.C. May 10, 1958

Enclosed for you are two copies of the proposed legislation... We are sure that your organization will find the proposed legislation to be in the best interests of the workers...

Sincerely,  
H. P. [Name]

Washington, D.C. May 10, 1958

Enclosed for you are two copies of the proposed legislation... We are sure that your organization will find the proposed legislation to be in the best interests of the workers...

Sincerely,  
H. P. [Name]

Washington, D.C. May 10, 1958

Enclosed for you are two copies of the proposed legislation... We are sure that your organization will find the proposed legislation to be in the best interests of the workers...

H.R. 15151, H.R. 15152, H.R. 15153, H.R. 15154, H.R. 15155,  
H.R. 15156, and H.R. 15157, To Permit the Planting of Soy-  
beans in Lieu of Cotton in Certain Disaster Areas in 1966

H.R. 15089, To Authorize the Secretary of Agriculture To  
Estimate Parity Price for 1966

FRIDAY, MAY 20, 1966

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

The committee met at 10:25 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage presiding.

Present: Representatives Poage, Gathings, Abernethy, Jones of Missouri, Hagen of California, Stubblefield, Olson, de la Garza, Bandstra, Teague, Findley, Everett, and Resident Commissioner Polanco-Abreu.

Mr. POAGE. Now we will turn to the legislation that is proposed by several of our colleagues in regard to the planting of soybeans on cotton land.

(H.R. 15151, introduced by Mr. Jones of Missouri, H.R. 15152, introduced by Mr. Abernethy, H.R. 15153, introduced by Mr. Everett, and H.R. 15154, introduced by Mr. Stubblefield are identical bills the text of which follows:)

[H.R. 15151, 89th Cong., 2d sess.]

A BILL To permit the planting of soybeans in lieu of cotton in certain disaster areas in 1966

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 103(d) of the Agricultural Act of 1949, as amended, is amended by adding before the period at the end of paragraph (3) thereof the following: " : *Provided,* That for the 1966 crop any such acreage in areas designated by the Secretary as disaster areas may be devoted to soybeans."

(H.R. 15155, introduced by Mr. Abernethy, H.R. 15156, introduced by Mr. Gathings, and H.R. 15157, introduced by Mr. Passman, are identical bills the text of which follows:)

[H.R. 15155, 89th Cong., 2d sess.]

A BILL To amend section 103(d) (3) of the Agricultural Act of 1949

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 103(d) (3) of the Agricultural Act of 1949 is amended by striking out "if such acreage is not" and inserting in lieu thereof the words "and such acreage may be".

Mr. POAGE. I must admit that I know nothing of this because we do not grow soybeans. But I think it is a matter that deserves immediate attention if we are to achieve anything. We have before us several bills. I wonder if the authors would prefer to discuss the bills or would you prefer to have me call on the Department first?

Mr. JONES. I think I would like to make a 2-minute résumé of why these bills have been introduced and then set the background for those who might not be familiar with them.

Mr. POAGE. We would be glad to have you do so.

**STATEMENT OF HON. PAUL C. JONES, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF MISSOURI**

Mr. JONES. We have a situation in southeast Missouri, north Arkansas, west Kentucky, west Tennessee, Louisiana, and I understand in some parts of Texas, where they have had not only an unusual amount of rain, but at least in the area that I represent we have a situation that I cannot recall over the years unless we go back more than 20 years to 1937 or sometime like that. What happened is that we were delayed in trying to get a cotton crop planted. It was delayed to the extent that there has only been somewhere around 70 percent of the allotted acres planted to cotton. The other 30 and some people estimate as high as 40 percent has not been planted because the land has been covered with rain. In southeast Missouri we had rain 19 days out of the 30 days in April and our drainage ditches are filled. Last weekend I was down there, and on Saturday I drove over quite a bit of it, and the people who flew over it by plane said that the land was so soggy and the ditches so full that they figured it would be at least 2 to 3 weeks before they could plant. I was in Charleston, Mo., on Sunday night and they had a rain in that county ranging from  $2\frac{1}{2}$  to 3 inches.

The next night I was in Sikeston, Mo., and we had another rain of better than an inch and a half. I left on Tuesday and found they had another inch and a half on Tuesday. Those people are finding now that a large percentage of the cotton crop which has been planted is not going to come up at all. With the seed we plant, you know there will be one of two things that will happen. The seed will either come up or rot. A lot of it has rotted. This thing has gotten so extensive down there that they claim that the wheat crop is also being affected. That is not related to this bill, but I am just showing the extent of that rain. It will be at least 2 weeks from now, if it does not rain any more at all, and we have another rain predicted for Monday night. If that comes it means that there cannot possibly be any more cotton planted in Missouri and we will wind up with around 30 percent or more of our acreage in cotton that will not come up at all.

The planting date in Missouri ranges up to somewhere between the 20th and the 25th. I talked to a number of farmers last week and they said they would not plant any cotton at all after May 20. I talked to some who said they would plant and had planted up as late as May 25. But after that time we run into the danger of frost in the fall and the cotton cannot mature. We are coming asking in those areas—and those areas would have to be designated by the Secretary as disaster areas and they would get their information, I imagine, from the

county ASC Office as to whether or not they could keep that cotton or had any chance of it coming up or whether they could plant.

Where it is determined they could not plant, we would have an opportunity at some of these places, in most of them in fact, to plant soybeans, which is about the only crop in my particular area that can be planted late after the cotton planting date has passed.

We have heard from one or two people, that some people do not like this bill, saying it would encourage a person to abandon his cotton crop and grow soybeans. Anyone who is familiar at all with the cotton business knows that there is no danger, and I will say that at least in the State of Missouri and I know the same thing holds true in the areas that adjoin the district I represent, in Arkansas, Tennessee, and Kentucky, if they can possibly have any hopes of getting a cotton crop, they are not going to abandon it to plant soybeans because the return is so much less.

We feel that by the bills we introduced here we could get some relief that is not only badly needed but it is going to be necessary unless we throw a lot of people into bankruptcy. I had a telegram this morning—and I want to say this morning, I said I was going to come up here and do everything I could, don't send me any telegrams because you are just wasting your money because I know the situation—here is a telegram from a man by the name of Mr. Reynolds, one of the most highly respected men in all of Missouri. He said:

I am glad to see you are offering enabling legislation to help our farmers who have been unable to plant their cotton because of excessive rains and cold weather. Forty percent of our acreage is yet to be planted.

That is in that particular area where he is. I said sometimes it will be as little as 30 percent. He said:

There may be 25 percent that will have to be replanted if we can get enough dry days for it. Even if planted now, yields will be low as Missouri has a very short growing season and the west part of our county, which you know personally, is in a very bad shape and from what I can hear conditions are as bad or worse in the counties north of us.

I know that is true because the northern part of the district was hit harder than the southern part where I live. He says:

If it can be arranged for farmers to plant soybeans if cotton cannot be planted, it will save many of our farmers from bankruptcy and our farming economy from complete disaster.

This is not a man that is given to exaggeration. He is a very conservative man and a very honest fellow. He happens to be a ginner. He gins cotton for other people in addition to his own. We are in what I say is the worst disaster in our whole farming economy in southeast Missouri—and that takes in about 10 counties—that we have ever been in. This bill, however, would only apply to 7 counties where I think 99½ percent of the cotton produced in Missouri is grown. I think that gives you some idea why we are here, Mr. Chairman.

If I have ever been in a position of having to plead for some relief I certainly am doing it now.

Again I say I have never seen anything like this. It is a real disaster.

Mr. TEAGUE. If the gentleman will yield, how much time would your farmers have in order to plant the soybeans? How late can they plant soybeans?

Mr. JONES. They can plant soybeans, I would say, and have planted, as late as June 15. They try to get their soybeans planted by June 1. Here it is May 20 now. There are thousands of acres of that land right now even if it did not rain another drop that still could not be planted. We have supposedly very fine drainage systems there. For those who have been down there, Mr. Poage has been there, about every mile we have lateral ditches feeding into the Little River Drainage District. Every one of those ditches are full. I was down there Tuesday driving through there and many farmers had the little portable pumps trying to pump water out of the fields into the highway ditches. But they were full of water and there was no place to put the water.

Mr. TEAGUE. You can plant soybeans roughly 3 weeks later than cotton in your area?

Mr. JONES. Yes.

Mr. GATHINGS. Mr. Chairman, I want to acquiesce in what my colleague from Missouri has just said. I would like to say to the committee that these ditches that he speaks of that are now swollen with rainwater, that water has to go right through my district, all of it, in order to find its way out to the gulf. In any event, we do have the same identical problem. I have been getting wires and communications and calls by telephone that Mr. Jones has not received because he is just back from home. I have not been there. But they tell me the story which is in keeping with that which was presented by him. He mentioned 5 States. There is one other State that he inadvertently overlooked and that is the State of Mississippi.

Mr. JONES. I am sorry I overlooked that.

Mr. POAGE. There is a bill by Mr. Abernethy and one by Mr. Everett and one by Mr. Jones and one by you. I wonder if you would tell us the difference.

Mr. GATHINGS. My bill calls for a 4-year program and the bill introduced by Mr. Jones and Mr. Stubblefield, Mr. Everett, and Mr. Abernethy is a 1-year emergency bill for 1966 only. That really is about the difference. We just used the words in my bill that the farmer could plant on the permitted cotton acreage "some other income-producing crops." We really mean soybeans largely. We did not earmark soybeans as they have in their bills.

Mr. POAGE. Don't you think that any legislation of this kind should involve other crops? There are substantial areas that cannot grow soybeans.

Mr. de la Garza saw his country just Monday and it is almost a sea of water. His country is like yours, perfectly flat. It is almost solid water. He cannot grow soybeans. Maybe they can grow sorghum but they certainly cannot grow soybeans.

Mr. JONES. Mr. Chairman, I would be in favor of growing anything they wish. The reason I put the soybeans in is because in the particular area I mentioned that is about the only crop that we can grow with any success.

Then, of course, you cannot get nearly the return off soybeans that you can off cotton and that is why we are hurt so badly.

Mr. GATHINGS. I would like to make a further statement later.

Mr. POAGE. Mr. Stubblefield has a bill.

Mr. STUBBLEFIELD. Mr. Chairman, our situation is much the same as Arkansas, Missouri, and other States. All my water goes

down to Tom Abernethy's district. Our trouble down home is drainage. Actually, this land has to be drained. The only way to dry it up is for it to sit there and evaporate.

May 15 down there is usually considered the deadline for cotton. June 1 is soybeans. We are in a very sad situation because on my side we have less drainage facilities than any place down there. We have had difficulty over the years getting right-of-way to provide this drainage. They have to sit there and look at this lake of water until about the 1st of July, sometimes. So we are very much interested in alleviating the situation as quickly as possible. I think the first week in June would be about the deadline in our area.

Mr. JONES. You are talking about soybeans.

Mr. STUBBLEFIELD. Yes.

Mr. POAGE. Mr. Abernethy is the author of two bills before us.

Mr. ABERNETHY. The situation in my State is not as acute as it is in those of my friends and colleagues here above me. I have discussed this matter with some of the growers in the Mississippi Valley—of the Mississippi Delta, rather—and they realize the situation above them in Missouri and Tennessee and Kentucky and a few spots in Arkansas. There are spotted areas in the Mississippi Delta where rains and the weather in general have already prevented and may hereafter prevent planting. My people are interested. I hope we can take some action on it.

Mr. POAGE. Congressman Everett is visiting the committee. He is the author of one of these bills. We are delighted to hear from him.

Mr. EVERETT. Thank you, Mr. Chairman. We have the same situation in several counties along the Mississippi River, the same as Mr. Abernethy, and Mr. Jones, Mr. Gathings, Mr. Stubblefield. I might add I have had one request to plant black-eyed peas because we have a huge quickfreezing unit that is having trouble getting people to plant black-eyed peas. They want them in this bill, too, if it is at all possible. I think that the best way to do it is to get what we can pass and not overload the wagon so we cannot pull it. I want to get something passed so that those farmers can utilize that land and prevent bankruptcy. Thank you, sir.

Mr. POAGE. Thank you, Mr. Everett. Mr. Findley?

Mr. FINDLEY. Mr. Chairman, I would like to clarify one point. If this bill passes, would the farmers involved forfeit benefits under the cotton program?

Mr. JONES. May I answer that, Mr. Chairman?

Mr. POAGE. Yes, sir.

Mr. JONES. No, they would not. Here is the situation and that is one thing that has been confusing, I think. I do not want to try to defend the Department of Agriculture, Mr. Godfrey will do that. The way this bill is written, if I plant my cotton and lose it because of drought, rains or other natural disasters, then I can get permission to abandon the crop, draw all of my payments and still plant soybeans. That is in the law now. The way this bill is worded here is to try to take care of those people, many of whom had prepared their land, they had prepared their seed beds, they had put down the fertilizer, they had done everything except actually put the seeds in the ground. We had a frost down there about 10 days ago and some of the cotton was affected by that. Others where the water is already standing on the land where it has been planted, that has turned yellow. It seems

to us that the person who had gone to this trouble of preparing his land and putting down the fertilizer and things like that, he could not plant soybeans and draw any of these payments. Whereas the fellow who has planted it and lost it, he would draw the payments.

Mr. FINDLEY. The reason I asked the question is that an almost parallel situation developed in Illinois, I believe last year at the time of the river flooding. At the request of some of the farmers I raised the question in the Department of Agriculture as to whether they could plant, when the water receded, soybeans and still retain the full payments under the feed grains program. If we are going to give serious consideration to applying the exemption approach to cotton, it should be broadened to cover feed grains.

Mr. JONES. I think it is already in the law that they can.

Mr. GATHINGS. Yes.

Mr. HAGEN. I want to join Mr. Findley in this. This amounts to class legislation. Why not cover all situations in the indeterminate future and all crops. I think there should be a general proviso that it should be available to every area which at any future time suffers a disaster.

Mr. FINDLEY. I should say I did not realize the nature of the legislation when I came in this morning. I did not bring my notes on the circumstances in Illinois last year but the Department is here and perhaps they can clarify whether or not the same opportunity is available to feed grains farmers as you propose for the cotton farmer.

Mr. JONES. I think it is. The only difference is that the present law provides that these fellows who have planted and lost they are going to be permitted—in fact, the Department has already put out a directive—and they put out their regulations last week to the ASC offices, then we began checking there and the regulations provided some inequities. I believe it was on Monday they rescinded one portion of the regulation, that has caused some confusion, too. That was relating to where a person transferred his allotment from one farm to another, after he transferred, he could draw his payments and plant other crops, although the cotton did not have to be planted at all on the farm to which it was transferred. They finally cut that one out. The law permitted it to be done.

Mr. FINDLEY. What payments would the cotton farmer be entitled to?

Mr. JONES. Where he had signed up to divert either 12½ percent or up to 35 percent, he would draw his full diversion payment. I will be perfectly frank with you, a lot of people like to get on a gravy train.

Mr. FINDLEY. How about the "one price" payment?

Mr. JONES. He would get that domestic subsidy, I guess you would call it—

Mr. POAGE. 9 cents.

Mr. JONES. It is close to 9 cents, on that he would have planted or would be considered as planted. The law says where these conditions have come up and where he could have planted it would be considered as planted.

Mr. FINDLEY. So he would get both the diversion payment and the so-called price support.

Mr. JONES. Yes, but he could not plant anything on the diverted acres.

That would have to be laid out there.

Mr. FINDLEY. I may be mistaken, but I believe under the feed grain program there is no provision which would permit a farmer to get the price-support payment in addition to the diversion payment and plant soybeans on flooded acres, for example.

Mr. POAGE. Well, Mr. Godfrey or Mr. Coffman.

**STATEMENT OF HORACE D. GODFREY, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, ACCOMPANIED BY CLAUDE COFFMAN, OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE**

Mr. GODFREY. Last year they were not permitted to plant soybeans on permitted feed grain acres and receive payments. However, this year they may do so under the 1965 act, and the Secretary so said. They will get their price support payments and their diversion payments.

Mr. FINDLEY. In the case of flooding, for example, the flood recedes, and they could plant soybeans and market the soybeans and get the market price for them, and in addition they would get both the price support and diverted acre payments under the feed grain program?

Mr. GODFREY. That is right. In fact, they would not have to have a flood this year. They could do it anyway.

Mr. POAGE. Let me ask you, in our own case the fields dried out in March and April, and I am told that our wheat is not going to be worth cutting. We cannot plant soybeans simply because they don't grow in our area. Can we plant some exotic plants, like safflowers?

Mr. GODFREY. I will ask Mr. Coffman to explain this.

Mr. COFFMAN. The wheat has been planted?

Mr. POAGE. The wheat is planted now but it is not worth cutting.

Mr. COFFMAN. In that case you could get your wheat marketing certificate even though you plow up the wheat and plant some other crop.

Mr. POAGE. I can plant another crop on permitted acres; is that right?

Mr. COFFMAN. There is one limitation I should warn you about. There is a substitution privilege, substituting feed grains and wheat. If you were to grow that acreage in grain sorghums you might get into trouble under the feed grain program if you were to grow too many feed grains. You cannot draw both your wheat marketing certificates and also have the privilege of growing that wheat acreage in feed grains. But with this limitation you could grow other crops.

Mr. POAGE. Sweet sorghum or sudan grass and graze the land?

Mr. COFFMAN. That is right.

Mr. GODFREY. The distinction here is that the wheat would have to be planted.

Mr. POAGE. The wheat was planted last fall and the dry weather did not come to the area until March, this spring.

Mr. GODFREY. As long as the wheat was planted you can make other use of the land. This is true in the case of cotton also. If the cotton was planted, you can make other use of the land without losing your payments.

Mr. HAGEN. What is that?

Mr. GODFREY. We are talking about the permitted acreage.

In other words, if you had a 100-acre cotton allotment and you signed up for a 35-acre diversion, the 65 acres, if planted to cotton, could be used for some other purpose, and you would still receive all of your price support payments and diversion payments.

Mr. JONES. That is the present law?

Mr. GODFREY. That is the present law; yes.

Mr. HAGEN. If that is the case you do not need the bills.

Mr. JONES. The fellow who had prepared his land and put on the fertilizer and the water is still on the land and he cannot plant. That is the fellow we are trying to help.

Mr. FINDLEY. These flooded feed grain acres could not be planted last year. Under the new law if they are flooded and cannot be planted, he would be entitled to both support and diversion payments.

Mr. GODFREY. Under the new law, that is right.

Mr. COFFMAN. It does not matter whether it is drought or anything else, the feed grain farmer can substitute soybeans on permitted acres.

Mr. FINDLEY. Why?

Mr. COFFMAN. It is limited to soybeans. The statute would not let him plant black-eyed peas or some other commodities, but soybeans can be planted in lieu of feed grains if he wants to. This is his option. It does not matter whether it is a disaster or not.

Mr. GATHINGS. Mr. Godfrey, what is the estimate of the acreage that will go into soybeans as a result of the feed grains diversion program on permitted acres?

Mr. GODFREY. A million to a million and a half acres.

Mr. GATHINGS. There does not have to be a disaster at all. It is just a question if he wants to do it, he can go to soybeans on permitted acres?

Mr. GODFREY. Yes.

Mr. POAGE. Can he still draw his payments?

Mr. GODFREY. He can draw payments at the same time.

Mr. GATHINGS. Mr. Chairman, I want to ask a question.

Mr. Godfrey, is not the only difference in this situation that the cotton people are asking for the same permissive use as the feed grain people are allowed?

Mr. GODFREY. This is right; yes, sir.

Mr. GATHINGS. We want to do for the cotton people what has already been provided and accomplished for the feed grain people.

Mr. GODFREY. May I point out that I do not believe Mr. Jones' bill does exactly that, because in the case of feed grains you do not have to declare it a disaster area, and in the case of feed grains it is a 4-year provision.

Mr. Jones' bill is limited to 1 year, and it would in our opinion require a determination by the Secretary of a disaster area.

Mr. JONES. In other words, we are not asking for as much as the feed grains have now.

Mr. GODFREY. This is right.

Mr. GATHINGS. I hope the gentleman from Illinois will refer to the last two queries and answer to each of them.

Mr. POAGE. There are several bills. The Gathings bill does place cotton in exactly the same situation that feed grain is in now. Is that right?

Mr. GODFREY. No, sir; it goes a little bit further, because it permits other crops other than soybeans. This could be remedied very easily by amending section 103(d)(3) by the insertion of three words.

The last sentence now reads:

Acreage on a farm in any such year which the Secretary finds was not planted in cotton because of drought, flood, or other natural disaster shall be deemed to be planted to cotton for purposes of payment under this subsection if such acreage is not subsequently devoted to any other income-producing crop.

And you would insert then "other than soybeans in such year."

This would put it on exactly a comparable basis with feed grains.

Mr. POAGE. That is correct. But you said that would remedy it. Will it remedy it? It does put it on the exact same basis as feed grains.

Mr. GODFREY. Yes.

Mr. POAGE. But, again, does that remedy a situation like Mr. de la Garza has where they cannot grow soybeans? You might just as well tell him he could plant watercress or strawberries, or coconuts. Maybe he could grow them and maybe he could not. You might just as well tell him he could grow some exotic plant, which obviously he could not grow, because he cannot grow soybeans. They suffer the same kind of a situation these people suffer. It might be taken care of if the cotton had all been planted.

Mr. GODFREY. It would be taken care of if the cotton were planted. It is exactly the same as the feed grains.

Let me clarify it for Mr. Findley here. In the case of soybeans, if he has a disaster, and he plants something other than soybeans, he does not get all of his payments. If he plants soybeans now, then he gets all of his payments. This is the same.

Mr. HAGEN. Why are soybeans singled out for special consideration? I do not know of any present disasters in California, but they cannot grow soybeans. They can grow safflower. Why limit alternate permitted crops to soybeans?

Mr. GODFREY. Soybeans were given special consideration in the 1965 act because of the supply situation on soybeans, and soybeans might be considered as a feed grain if the Secretary so determines, that the supply is such that we need additional soybeans. And he has made that determination for this year. This requires an annual determination by the Secretary. However, in the case of feed grains—

Mr. POAGE. If you are really going to remedy it, why should we not then provide you could plant—I am talking about the Gathings approach rather than the Jones approach—any crop. Why should you not provide that anybody who is flooded out or drowned out or anything else, so that he cannot plant the crop, has the right to plant not only soybeans but any other crop which the Secretary finds that year is in short supply?

Castor beans have always been in short supply. Why should you not be able to plant any crops the Secretary finds in short supply? After all, if it is in short supply, we need more of it and we ought to grow more of it, and it cannot hurt anybody to grow more of it. Therefore, why should you not let a man put in these crops that are in short supply?

Mr. GODFREY. There are some administrative problems involved, Mr. Chairman, I think we should point out, on this. You cannot predict the floods and droughts in advance. So the determination as to

short supply and long supply is not made ordinarily until it would be too late.

We have about 400 commodities, I believe, that are produced on farms. So if you had to wait for a determination to be made of the supply situation, it would probably be too late for the producers to make use of the land for that commodity. So you have a real administrative problem if you put the Secretary in the position of having to make this determination before he could permit the growing of the crops.

Mr. POAGE. Mr. Abernethy says put in "such crops as are designated by the Secretary," or "as may be designated by the Secretary." He would not have to make a finding on all of the 400 crops. As a practical matter he could make a finding on castor beans.

Mr. GODFREY. Let's use the example of black-eyed peas. He would have to make a determination of the supply and demand for black-eyed peas that has not been made in the past. This is not a simple matter because acreages are not measured on black-eyed peas each year, and neither is the demand consistent. So you would therefore have to make a field survey to determine what farmers' intentions are with black-eyed peas this year without regard to this provision, and you would have to make some determination as to the expected demand for black-eyed peas. This is not an easy matter.

It would necessarily take at least 2 weeks or longer to do this, and by the time he makes this determination it is too late for the producers to use it.

Mr. POAGE. Here is what Mr. Abernethy suggests:

Just say you plant anything on this land the Secretary authorized, and the Secretary would not authorize but a few things. He would not have to make a decision on most crops. There are a number of crops he knows he can make an authorization on right now. You do not have to conduct any survey to know that we are importing castor beans from Brazil in substantial quantities, and they are bound to be in short supply or we would not be importing as much as we are. Anything we are importing, it seems to me to be pretty clear, we are in short supply of.

Mr. GODFREY. On some of these it would be a simple matter. On castor beans it would be.

Mr. POAGE. If we did not require him to do anything except to plant whatever the Secretary has said he could plant and we do not propose any burden on the Secretary to do anything.

Mr. GODFREY. You said just whatever the Secretary determines he can plant?

Mr. POAGE. Yes.

Mr. GODFREY. The Secretary has to have some factual information because there are producers of these commodities who do not want their market ruined by other producers growing these things.

Mr. POAGE. The Secretary knows some crops right now he could announce were in short supply, could he not?

Mr. GODFREY. Yes, sir.

Mr. POAGE. And it would help some people if he would announce that. Why should he not just announce those? At least he knows he does not have to go to any trouble to announce them. Why should he not be allowed to do that?

Mr. GODFREY. As far as the Department is concerned, we would much prefer that, if you are going in this direction, you let him grow anything in case of a disaster.

Mr. ABERNETHY. Why would it not be very satisfactory and practical, too, to just say such crops as may be designated by the Secretary.

Mr. GODFREY. This is the point I am getting at: He has to make a designation.

Mr. ABERNETHY. Of course he does.

In order to simplify the thing, why would it not be more satisfactory to say "such crops as may be designated by the Secretary"? The Secretary is not going to designate a crop with which the economy is already burdened. We know that. Rather than trying to guess at what might be suitable for this year or next year or some other time, just say "such crops as may be designated by the Secretary." I think that would answer the whole thing.

Mr. DE LA GARZA. I think he has a perfect solution. The Department will leave it up to the farmer whatever he wants to plant. Is that what you suggest?

Mr. GODFREY. This is what I am suggesting.

Mr. ABERNETHY. I did not understand that.

Mr. GODFREY. Yes, sir, rather than having the Secretary designate.

Mr. ABERNETHY. I was not listening, I guess.

Mr. GODFREY. Rather than having the Secretary make a hasty determination if a flood occurs, when the farmer may not have but a week to make up his mind what he wants to plant, let the farmer decide. In the disaster cases. I would limit it to disaster cases.

Mr. POAGE. Surely you do not mean to let a man take this land he could not plant in cotton and let him plant feed grain on it. That would be a great help to me but I do not think it would be hardly fair on a controlled crop. I think it might be perfectly safe in letting the farmer plant anything he wants to except another controlled crop. Surely you would not let him plant another controlled crop.

Mr. GODFREY. I would agree he should not be able to plant the crops for which we have programs established.

Mr. POAGE. They could plant anything they wanted to except another supported crop.

Mr. DE LA GARZA. May I make the suggestion—maybe it will enlarge the bill, I do not know—in every controlled crop that finds itself in this particular situation, then you can plant any other crop that you may so desire. So that you can get the feed grain and the cotton and the wheat. If this situation occurs to any controlled crop, then you can plant any other crop that is not one of those involved.

Mr. POAGE. That is what we are talking about exactly.

Mr. HAGEN. He is going further than that. He does not want to limit it to cotton.

Mr. DE LA GARZA. Wheat, feed grains, and cotton, if they have a disaster, you can plant any other crop you may desire but not one of those.

Mr. POAGE. There are only six controlled crops.

Mr. TEAGUE. He can do that right now if he is willing to forget his benefits.

Mr. FINDLEY. Mr. Chairman, I would like to clarify one important point.

Would a cotton farmer be able, under these proposals, to plant his entire allotment acreage to additional crops?

Mr. JONES. Not his diverted acreage. Some people have said to me, "Why do you not give us permission, since this came up, where we signed up for 12½ percent to let us put in 35 percent?"

I said, "I cannot do that. We have to have this thing reasonable."

All we are asking is that you put us on an equitable basis with the other crops. I am not coming here saying that they ought to be able to plant diverted acres to it because they will get paid for those. But on this other land where they have already gone to the expense and cannot grow anything, and where they have put down fertilizer and then the water stands on there a couple of weeks, and they tell me it leaches it out and they do not get the benefit of that. So they have lost that to start with.

Mr. FINDLEY. Mr. Godfrey, could you give us an idea of how a cotton farmer would make out financially under this proposal where he did not plant the crop? Would this be a bonanza for him?

Mr. GODFREY. I have not figured it down to a fine point, but just let me review here what I would think.

The payment would be, the price support payment on an average farm would be about \$47 per acre. Now he has already gone to considerable expense in most cotton-producing areas in order to be prepared to plant cotton; more so than he would in the case of feed grains because the land has probably been treated with herbicide, and he has prepared the land, which would be about the equivalent of preparation of land in the case of feed grains. But the application of the herbicide and the more than likely purchase of cottonseed, and in some instances the use of additional fertilizer above and beyond what would be required for soybeans, has already been put down.

Mr. FINDLEY. Is the cottonseed perishable?

Mr. GODFREY. Cottonseed; yes, to the degree that the cottonseed you use for the planting has already been treated, and you would not use that same seed next year. You would not use that same seed next year. You have to keep it at a certain temperature in order to hold the germination. So you would consider it a perishable commodity.

Mr. FINDLEY. Theoretically you might be able to sell it. You cannot treat it.

Mr. GODFREY. It has been treated and delinted.

Mr. FINDLEY. It could be sold?

Mr. GODFREY. It could be sold for some purposes but it could not be used for the same purposes that nontreated seed would be used for.

In the case of corn, you could carry the seed corn over. A lot of people do not like to do it, but you could. In the case of corn, the price support payment would be in the neighborhood, on the average yield, of \$22.50 as compared to \$47 on cotton. I would guess that the difference in the purchase of seed and the treatment of land with herbicide might eat up some part of the difference here between 22.5 and 47. I do not know how much.

Mr. FINDLEY. Are diversion payments comparable?

Mr. GODFREY. The diversion payments are comparable, yes. Both add 50 percent to the loan rate. In my opinion it would not be a bonanza, no.

Mr. POAGE. It seems to me we are at the point we could work out a practical approach to this and let the farmer plant anything he wanted to except controlled crops. On feed grains, wheat and any other controlled crops let him plant in lieu of the controlled crop any other crop other than another controlled crop.

Mr. GODFREY. This would be limited to cases of disaster.

Mr. POAGE. No, I do not think so. Why should you not make it of general application? Why would it not be just a lot simpler? I am certainly not going to plan sudan grass on a cotton allotment if I cannot plant cotton. I do not think anybody but a 14-carat idiot would do that.

Mr. GODFREY. You can get into some serious supply situations on this.

Mr. POAGE. How? You are not going to plant any tobacco allotment in sorghum as long as you can plant tobacco, are you?

Mr. GODFREY. No, sir. But in some areas in the South, I would certainly plant soybeans in lieu of cotton.

Mr. POAGE. You can do that now. So you just told us.

Mr. GODFREY. Not and keep your payments.

Mr. HAGEN. You said if the cotton is already planted?

Mr. GODFREY. Yes.

Mr. POAGE. That is where you have a disaster. I was talking of doing it generally. Maybe I am going too far.

Mr. COFFMAN. You cannot do that with cotton. In the case of cotton, if you were prevented from planting the cotton, you could not put in soybeans and get your cotton price support. You cannot now. You could under the proposal.

Mr. POAGE. I know you cannot now, but he could substitute feed, if he has a corn allotment.

Mr. COFFMAN. Under the feed grain program.

Mr. POAGE. If he has a corn allotment for so many acres and he is not producing more than that, he could turn around and plant that in soybeans, could he not?

Mr. COFFMAN. Yes.

Mr. POAGE. Feed grain allotments are far less valuable than cotton allotments.

Mr. COFFMAN. I am not sure how this would work out from an economic standpoint with a wheat marketing certificate which has a substantial value, where he could substitute some other crop and still draw his wheat marketing certificate. I am not sure.

Mr. POAGE. He might do it, but if he plants some other crop he certainly reduces something that we want reduced. He does that for us.

Mr. GODFREY. As long as he did not plant some other crop.

Mr. POAGE. If he did not plant anything, it has the same effect of cutting down on wheat acreage and it does not cost us any more than to pay him now to cut down.

Mr. GODFREY. What are the cotton ginneries going to say?

Mr. POAGE. I do not think the fellow is going to leave cotton allotments laying out. I do not know anybody who is not going to plant cotton on an allotment except where you gave him the right to consider it was planted.

Mr. GODFREY. That is what you would be doing here if you did this.

Mr. POAGE. I guess you would.

Mr. GODFREY. Yes, he would.

Mr. JONES. I think anybody who has ever lived in a cotton economy knows, if there is a ghost of a chance of making the cotton crop he is not going to plant anything else. As far as this ginners thing, I think it is something that does not have any basis at all. I think every ginner knows that.

Down in North Carolina I do not think a single ginner would be affected by this bill at all.

Mr. GODFREY. If you limit it to disasters. This is my point. You have a real problem of time element here if you expect to do anything for them this year. If you try to open it up to other than disasters, I think you are going to have difficulty.

Mr. POAGE. The great trouble with that is the same thing is always heard on this disaster proposition. The man who loses his crop in a community that is in good shape is just as bad off as a man who loses his crop when all of his neighbors lose theirs. And you do not get these disaster areas announced or found unless the whole area is a disaster area.

I think you ought to take into consideration the poor devil who loses his crop because he gets overflowed by a little creek just as much as if he got overflowed by the Mississippi.

Mr. GODFREY. My suggestion would be to take care of them through the local county committee. Let them make the determination.

Mr. POAGE. Would you propose to let the local committee declare he had suffered a disaster?

Mr. GODFREY. Yes.

Mr. POAGE. I think maybe that would be all right if you let the local committee declare the individual suffered a disaster.

Mr. DE LA GARZA. I think we have got all of this worked out. Following Mr. Hagen's suggestion, would you rather just have it as permanent legislation rather than 1 or 2 or 3 years?

Mr. GODFREY. I would prefer it as permanent legislation for the life of the bill, yes, because otherwise I think you would be coming back up here next year with the same thing.

Mr. GATHINGS. In amending the act passed in 1965, it would amount to 4 years. It is like the transfer or shifting cotton legislation was.

Mr. GODFREY. As Mr. Gathings recalls, we thought we would get by with 1 year to transfer cotton allotments when we had flooding. But we had to come back every year for 4 years.

Mr. GATHINGS. That act was first approved in 1958 and nearly every year we had the need to pass a new act. That authority is now permanent law.

Mr. OLSON. I would like to state my understanding of this to make sure there is no misunderstanding.

The disaster provision written into the omnibus bill of 1965 where you could not plant your allotment crop, was the same for all crops. Is that not right?

Mr. GODFREY. The same for all crops with one exception. If the Secretary designated soybeans as a feed grain on permitted acreage, then soybeans could be grown with or without a disaster on that permitted acreage.

Mr. COFFMAN. But the disaster provision is the same for all three crops.

Mr. OLSON. Soybeans could be substituted for feed grains?

Mr. GODFREY. That is under another provision.

Mr. OLSON. This is only for feed grains?

Mr. GODFREY. Only for feed grains.

Mr. OLSON. And that is what we are really talking about here.

Mr. GODFREY. That is right.

Mr. OLSON. To make that provision applicable to the other controlled crops?

Mr. GODFREY. It has been expanded in the discussion here this morning to make it not only soybeans but any other crop other than a controlled crop.

Mr. OLSON. The most significant crop, and the one you were worried about when you talked about opening the floodgates, would be soybeans?

Mr. GODFREY. This is right.

Mr. OLSON. This would be the major concern?

Mr. GODFREY. That is right. If you limit this to disasters I do not think you have a major concern here.

Mr. OLSON. Now this year, after the crop is planted, then a man could substitute soybeans on his feed grain acreage?

Mr. GODFREY. He can substitute soybeans before the crop is planted.

Mr. OLSON. Or after?

Mr. GODFREY. Or after it is planted.

Mr. OLSON. And still keep his payments?

Mr. GODFREY. Right.

Mr. OLSON. In the past he could not, of course, keep his payments and utilize this acreage for soybeans?

Mr. GODFREY. This is right. After the crop is planted, in the case of wheat and cotton, he may substitute soybeans under existing law and keep his payments.

Mr. OLSON. If it is after the crop is planted?

Mr. GODFREY. Yes.

Mr. OLSON. For wheat and cotton. So we are dealing here with where the cotton has not been planted?

Mr. GATHINGS. That is right. One farmer has prepared his land and fertilized it but not planted cotton, while a neighbor close by, maybe 2 or 3 miles away, had already planted his cotton, and now here come the rains and it downpours day in and day out, as it has for the past 30 days in our country. Now the fellow who had planted, although he is covered now with water, can draw his payments and when the waters go down in 2 or 3 weeks he can plant soybeans on that land.

The other man had his beds laid out and was ready to plant and the rains came, and he was not able to get his seed in the ground. We are trying to help that man.

Mr. OLSON. It is about parallel to the argument we went through when we passed the special legislation for disasters applying to the feed grain situation where you had not planted, pointing out the inequity of just not being able to get payment because you had not gone through the physical act of complying by putting seed in the ground.

Mr. COFFMAN. You put the limitation on that he could not grow any income-producing crop, back in 1965. The farmer could count that acreage for payment purposes provided he did not put any income-producing crop on it. That virtually eliminated the possibility of using the land.

Mr. OLSON. Are we talking about expanding the present provision of substituting soybeans for feed grain for 4 years?

Mr. COFFMAN. Not really. We are talking about taking the disaster clause which is in the statute for each of the three commodities and saying that you still get the benefit of that clause even though you do put on an income-producing crop as long as you do not put on one of the controlled crops.

Mr. OLSON. Soybeans is not a controlled crop?

Mr. COFFMAN. That is right.

Mr. OLSON. So you are opening it up for soybeans for the full length of the act.

Mr. COFFMAN. Under disaster conditions, this is right.

Mr. OLSON. And the disaster condition would be a declared disaster, are you also suggesting individuals designated by county committees?

Mr. COFFMAN. As I understand it the county committee would simply determine whether the producer lost or failed to plant his crop because of the disaster. If he did, he would be eligible for this privilege.

Mr. OLSON. Eligible for the full 4 years?

Mr. COFFMAN. And this provision would be put in for 4 years.

Mr. POAGE. I think that is about what we are in agreement on, but I wonder if we might not ask Mr. Gathings, Mr. Jones and Mr. Teague to get out there with the Department and try to draft this bill like we are talking about, because we are not going to get anywhere here just talking around and around. It is easy enough to draft this bill to do what we are talking about in the next few minutes, and maybe we can come back and pass a bill out.

Mr. JONES. I think, as Mr. Godfrey said a minute ago, this would be actually a broader bill than the bill I introduced.

Mr. POAGE. Of course it would be broader.

Mr. JONES. I could not object to that. Maybe I was just trying to be too conscientious coming in here and limiting it in every way I can. If you want the bill passed, why do you not step out and try to draw a bill?

Mr. FINDLEY. Mr. Chairman, this involves several statutory references I think we ought to have available.

Mr. POAGE. Then I will take you off the subcommittee.

Mr. JONES. Let Mr. Gathings help draw the bill. I will be satisfied with it.

Mr. POAGE. Mr. Stubblefield is trying to catch a plane.

Mr. TEAGUE. How would the vegetable people in Florida and California look on this if you allow people to plant tomatoes, carrots, or lettuce and still get their cotton benefits at the same time? I don't think we would be happy about that.

Mr. JONES. I can guarantee there won't be a one of them do it.

Mr. HAGEN. I wanted to ask a question.

You made reference somewhere earlier today to a million or a million and a half acres. Were you talking about the present soya feed grain situation or this bill?

Mr. GODFREY. On the million or million and a half acres, it is the estimate we have now of soybeans that will be planted on permitted feed grain acreage and not on this.

This is a very limited acreage and it will be isolated, I think, in different areas each year. They are liable to have it in California just as much as in Missouri as any other place on individual farms.

Mr. HAGEN. It is not going to do us in California any good if you limit it to soybeans.

Mr. POAGE. I wonder if we may have the proposal read so we will know what we are discussing?

Mr. HEIMBURGER. Mr. Chairman, the following sentence occurs in all three of these program authorities. The sentence reads:

An acreage on a farm in any such year which the Secretary finds was not planted to cotton because of drought, flood, or other natural disaster, shall be deemed to be planted to cotton for purposes of payments under this subsection if such acreage is not subsequently devoted to any other income-producing crop in such year.

Now, of course, with reference to cotton, it is feed grains and wheat in the other two programs.

The proposal is to strike out the words at the very end of the sentence: "Any other income-producing crop in such year" and substitute for those words the words "any other crop for which there are marketing quotas or voluntary adjustment programs."

This change would take place in all three of the sections of the law.

Mr. POAGE. That is in the cotton, feed grains, and wheat?

Mr. HEIMBURGER. Yes, sir.

Mr. JONES. Read that again.

Mr. HEIMBURGER. "Any other crop for which there are marketing quotas or voluntary adjustment programs."

Mr. HAGEN. That includes sugarbeets, too?

Mr. HEIMBURGER. It would include beets.

Mr. FINDLEY. Mr. Godfrey, I assume that there are a good many large-scale planters who would be eligible for the benefits of this bill and this could mean that some of these \$200,000 and \$300,000 a year payments could continue under this program to a farmer who wouldn't even plant a crop and then devote the land to another crop. Is this not possible?

Mr. GODFREY. If he was in a disaster, this would be true. If the disaster hit his entire plantings. My experience has been, in the Arkansas-Missouri-Mississippi areas where they may have some disasters, or even in northern Florida last year and southern Georgia and in Minnesota, Iowa, whole farms are not normally affected. He is able to get part of his land into a crop and this is his desire if he can do it. This would permit, on an individual farm, that part of his acreage he could still get his payment and part of his acreage be devoted to some other use.

Mr. FINDLEY. I understand the Federal crop insurance program is available in some of these regions and perhaps some of the farmers have purchased insurance under this.

Would they be able to get benefits under both programs?

Mr. GODFREY. I can't answer entirely on the Federal crop insurance program because I don't know all of their rules and regulations, but it is my understanding that their payments are reduced on losses in accordance with how much investment they have put into

the crop. For example, if the crop has not been planted at all and he is unable to plant, then the indemnity paid to them is very, very small.

Mr. FINDLEY. But this would help recover some of the herbicide and seed investments.

Mr. GODFREY. A portion of this cost, yes.

Mr. FINDLEY. There are several statutory references to which you have referred and which are referred to in some of these bills, 103(b)(3) for example. It would be helpful to me if you could put into the record of this hearing the statutory references (1) to the price of support payments on cotton and feed grains when the natural disaster occurs after planting, and the same when the natural disaster comes before planting and (2) the statutory authority for increase in soybeans and seed grains. That was spelled out not in legislation but by administrative ruling.

Mr. GODFREY. It is spelled out in legislation but the Secretary is given the authority.

I can do this right now. For feed grains it is section 105(e); for wheat it is section 379(c)(a); for cotton it is section 103(b)(3).

Mr. FINDLEY. And feed grains is 105(e)?

Mr. GODFREY. For cotton and feed grains these sections refer to the 1949 act and for wheat the reference is to the Agriculture Act of 1938.

Mr. FINDLEY. That covers the authority when disaster occurs both before and after planting.

Then I would like also to have the statutory authority for diversion payments on feed, cotton, and wheat before and after natural disaster. Would these same citations cover that?

Mr. GODFREY. In feed grains it would.

Mr. FINDLEY. And cotton and wheat?

Mr. GODFREY. On cotton it does also. Section 339 would be for wheat for the diversion payments

Mr. FINDLEY. Is it conceivable that this legislation might permit the planting of several hundred thousand acres in soybeans which would not otherwise be planted?

Mr. GODFREY. I wouldn't think so, no, sir.

Mr. FINDLEY. Can you give an estimate of how many acres might be involved here?

Mr. GODFREY. Well, Mr. Findley—

Mr. STUBBLEFIELD. I would be infinitesimal; a very small amount.

Mr. GATHINGS. I have called the ASC committees in several of the counties that I am privileged to serve and that seems to be the area of damage in my State largely, and I got the estimates there. It was something similar to what Mr. Jones said earlier in his opening statement, that some 65 percent of the cotton had already been planted. So it would be in the area of some 35 percent that is not planted that would be affected here by this legislation.

Mr. JONES. It would run, I think, probably 30 percent and in some areas, but I think averaging it out in the State of Missouri, I doubt if it would run over 30 percent that has not been planted; about 30 percent.

Mr. GATHINGS. In some areas in my county it runs up to 40 percent.

Mr. FINDLEY. Thirty percent of what acreage? How many acres?

Mr. GATHINGS. In one of those counties they estimated there was

some 4,000 acres involved that had not been planted in cotton. In another county it was 5,000 acres. In another county it was 6,000 acres. In another it would be lot less.

Mr. FINDLEY. Conceivably this could involve several hundred thousand acres.

Mr. ABERNETHY. No.

Mr. STUBBLEFIELD. No.

Mr. ABERNETHY. In my area, which has considerably less damage than the areas of these gentlemen, I doubt that there would be 5,000 acres in my entire State.

Mr. GODFREY. I might point out, Mr. Abernethy, this bill may not affect your area at all, because they have already planted.

Mr. ABERNETHY. No; they are still planting.

Mr. GODFREY. You may have some in the hill country.

Mr. FINDLEY. Mr. Godfrey, in this revised legislation would the determination as to whether a disaster had occurred be up to the individual county committee to make?

Mr. GODFREY. It would be up to the individual county committee. We have delegated this authority previously to the county committees, and we would continue to do this.

Mr. FINDLEY. In other words, the policy of leaving full discretion to the county committees to determine where and when a disaster has occurred is one that you have followed in the past?

Mr. GODFREY. Yes, sir; we have followed it in the past. We followed it last year in the case of Illinois, for example, where they did not make any additional use of the land. The county committee made a determination as to whether the nonuse of the land was due to a flood or disaster of some sort to give price support and diversion payments.

Mr. FINDLEY. Would enactment of this legislation create any complications in other commodity legislation of which you have knowledge?

Mr. GODFREY. None that I know of; no, sir. I might add on the soybean estimate I would concur with what they say, that the increase in soybeans would be somewhere in the neighborhood of 50 to 100,000 acres and no more than that.

Mr. HAGEN. We are not just talking about soybeans, are we?

Mr. GODFREY. He raised a question on soybeans.

Mr. HAGEN. In connection with Mr. Findley's question, how does the farmer initiate this determination for himself that he has suffered disaster?

Mr. GODFREY. He has already applied to participate in the program, made an application to participate. When he makes his application for payment following his report of performance, at that time he would say, "I was prevented from planting because of flood." The county committee would then consider the individual case and call on the local community committee to make a certification that he was prevented from planting because of flood.

Mr. HAGEN. Well, now, let's say under some circumstances—and there is provision for this—the Governor or somebody else declares this—or the Secretary—declares the whole area a disaster area, it is automatic?

Mr. GODFREY. It would still be an individual case determined by the county committee.

Mr. GATHINGS. Mr. Godfrey, if 50,000 acres were added by virtue of this emergency legislation we are now hopeful of proposing here, would that even in a small measure make up for the loss in cottonseed that will be brought about as a result of the tremendous cutback in cotton in 1966?

Mr. GODFREY. It would not counteract in any way the cutback that is being made in cotton and the additional beans that would be planted on this acreage that is damaged would not even equal the loss of cottonseed meal and cottonseed oil from the disaster itself.

Mr. GATHINGS. And that is going to be quite an item when you go to figure the domestic crush, a sizable item.

As a matter of fact, the crush in 1966-67 could be reduced to a pretty good degree, could it not?

Mr. GODFREY. Yes, sir. The last estimate we had on soybean production for this year, we could still expand soybean production materially without taking over very much under CCC or even having any reserve.

Mr. POAGE. If we are through with discussion of this bill—

H.R. 15089

Mr. TEAGUE. Mr. Chairman, I would like to take a moment.

Mr. POAGE. Certainly.

(H.R. 15089, introduced by Mr. Dole, follows:)

[H.R. 15089, 89th Cong., 2d sess.]

A BILL To authorize the Secretary of Agriculture to estimate parity price for 1966

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 107(2) of the Agricultural Act of 1949, as amended, is amended by inserting immediately after the word "therefor" in the first sentence the following: "(as estimated by the Secretary as soon as practicable after enactment of this amendment)".

Mr. TEAGUE. 15089 was introduced relative to a problem out in Kansas due to a drought rather than too much water. It is my understanding the Department drafted the bill and approves of it. While these gentlemen are here, I would like to ask about it.

Mr. POAGE. I think this takes care of that very thing.

Mr. TEAGUE. I think it is a different problem.

Mr. GODFREY. I am not familiar with this bill or the problem.

Mr. TEAGUE. It was cleared by the Department, I understand.

Mr. MURRAY. I don't believe the Department passed on the policy aspects of it. They prepared the bill as a drafting service only. It is on the estimated wheat parity price.

Mr. POAGE. Can you tell us what the bill does?

Mr. MURRAY. I am not so sure I can in detail, but the purpose of the bill is because present law requires the Secretary to use the exact July parity price for calculating the value of the wheat certificates and because of the administrative problem in accumulating the statistics and everything it takes them several months before they will know what the July parity is. The bill speeds up this process by permitting the Secretary to make an estimate of July parity. Is that incorrect? I yield to Mr. Godfrey.

Mr. GODFREY. I think this bill drafted here is drafted for the express purpose of making the wheat certificate payments prior to July 1.

We will estimate the July 1st parity. We won't wait for all the facts and figures. The wheat certificate payments can be made in July to those farms in compliance. There has been a freeze in the Kansas area, a severe freeze which will affect the crop this year and I think the purpose of this was to permit us to go ahead and make the payments immediately after the enactment of this and not wait until July 1.

Mr. TEAGUE. Would you care to state whether you have any objections to the bill?

Mr. GODFREY. We have not taken a position on this as yet, Mr. Teague. There are some problems involved because we give the farmers up until a certain date to certify their performance, for example, and certify their acreage. This date is known 1 month prior to the harvest of the crop. You would complicate things quite a bit, I can see, from an administrative standpoint, if this was adopted because you would still have to wait on certification from the farmer.

Mr. TEAGUE. I am not familiar enough with it to argue with you, but I know it seemed to be a somewhat comparable problem due to weather conditions in the wheat area.

Mr. ABERNETHY. It doesn't present an emergency replanting situation, as I understand it, of another crop.

Mr. GODFREY. This is an emergency payment provision.

Mr. ABERNETHY. Which would be made at a later date.

Mr. GODFREY. It will be made after July 1, just as soon as we can get to it anyway.

Mr. POAGE. Is there any discussion of the bill before us? If there is not, we will take the Jones' bill, which is the first one——

Mr. GATHINGS. Mr. Chairman, I would suggest to you that the author of the redraft should be Mr. Jones of Missouri.

Mr. POAGE. Next we will go into executive session.

(Whereupon, at 12:10 p.m., the committee proceeded in executive session.)



H.R. 15124, HOUSE JOINT RESOLUTION 1118, HOUSE  
JOINT RESOLUTION 1135, TO AMEND SECTION 316 OF  
THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS  
AMENDED

THURSDAY, JUNE 2, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TOBACCO OF THE  
COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to call, at 9:40 a.m., in room 1302, Longworth House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, McMillan, Stubblefield, Vigorito, Dole, and Walker.

Also Present: Francis M. LeMay, staff consultant; Hyde H. Murray, assistant clerk, and Martha Hannah, staff assistant.

Mr. ABBITT. The committee will be in order for consideration of H.R. 15124, House Joint Resolution 1118 and House Joint Resolution 1135, which bills will be made a part of the record at this point.

(Bills referred to follow:)

(H.R. 15124, introduced by Mr. Abbitt, follows:)

[H.R. 15124, 89th Cong., 2d sess.]

A BILL To amend section 316 of the Agricultural Adjustment Act of 1938, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 316(c) of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the period at the end of the second sentence to a colon and adding the following proviso: "Provided, That any lease and transfer of an allotment shall be effective, notwithstanding the failure to file a copy of the lease with the county committee prior to such closing date, if (1) the Secretary finds that a lease in compliance with the provisions of this section was agreed upon prior to such closing date, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located not later than the 30th day of June of the crop year to which the lease relates."

(H.J. Res. 1118, introduced by Mr. Fuqua, follows:)

[H.J. Res. 1118, 89th Cong., 2d sess.]

JOINT RESOLUTION To amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 316 of the Agricultural Adjustment Act of 1938 is amended by adding thereto a new subsection (j) to read:

"(j) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1966 crop year shall be effective if, (1) the county committee, with the approval of a representative of the State committee, finds that a lease in compliance with

the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1966, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within twenty days of the date this subsection becomes law."

(H.J. Res. 1135, introduced by Mr. McMillan, follows:)

[H.J. Res. 1135, 89th Cong., 2d sess.]

JOINT RESOLUTION To amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (g) of section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "1965" wherever it appears in said subsection and substituting therefor "1966"; and by striking out "May 27, 1965" and inserting in lieu thereof "the date the 1966 amendment to this subsection becomes law."

Mr. ABBITT. What these bills concern is that under the leasing arrangement for tobacco, we provide that on such and such a date leases must be entered into originally and must be filed on such and such a date with the county ASCS committee. We have had trouble every year since the tobacco leasing arrangement was worked out. Each year some farmers have forgotten to file their leases on time and we have had a little bill each year to extend the time.

It was suggested that maybe we should make it permanent. Last year our committee met and decided to make it permanent, but the Senate, in passing out the farm bill, just put in a temporary extension, and in an endeavor to try not to cause any hassle the House conferees accepted the Senate version. So we had a temporary provision last year. This is a very simple matter.

Mr. Todd, will you explain this to the members?

**STATEMENT OF J. J. TODD, DEPUTY DIRECTOR, TOBACCO POLICY STAFF, ASCS, U.S. DEPARTMENT OF AGRICULTURE**

Mr. TODD. Mr. Chairman, you have explained it very well. This is the fifth year we have had authority to lease and transfer tobacco allotments from one farm to another within the same county on an annual basis.

To make the lease and transfer effective, they are required to file a copy of the lease in our county ASCS office. Invariably some people forget to let us know, and when we measure tobacco there is too much on one farm and not enough on the other.

As you say, we have had to legislate to give us authority to clear them. There are not very many of them. This does not involve the production of more tobacco, it is just a question of where it is grown. It does not involve the expenditure of any additional funds, either administrative or CCC capital funds.

I understand there are very, very few of them this year, but there are probably a half a dozen or maybe a dozen or so.

Mr. McMILLAN. I have three in my district.

Mr. ABBITT. But it would be a hardship on them if they were not permitted to do this?

Mr. McMILLAN. Yes.

Mr. TODD. As you say, we proposed last year that we have some permanent legislation that would avoid the necessity of this coming up every year, but it did not get through.

As you know, the Department has sent up proposed legislation providing for a longer term lease and even sale of all commodity allotments. We would prefer that if it could be passed timely, but it probably could not be for this year at least. So we have no objection to these bills, in the Department, and, while we do not have any formal clearance from the Bureau of the Budget, they advise informally that they have no objection.

We would prefer H.R. 15124 because it is permanent. The others just apply for 1 year.

Then I would suggest one thing further. There are different dates in the different bills, and in 15124 you have a date of June 30 as the final date the lease could be filed. It is possible that we might find one not filed by that date. So we would suggest that the date be changed to the 31st day of July. We would still be protected, because under the first provision there they would still have to convince us that the lease was entered into prior to the normal planting time.

Mr. ABBITT. In other words, under H.R. 15124, as in all the others, the written lease must have been entered into before the closing date?

Mr. TODD. Yes, sir.

Mr. ABBITT. The only thing the bill does is permit them to still come in and file with the ASCS office?

Mr. TODD. Yes.

You will recall, when discussing the original legislation, the closing date was put in because we did not want the farmer to overplant an allotment and then, after we had measured it, go shopping around looking for a home for it. That was the reason the closing date was put in there. We would still be protected, if you move that date, because this still requires them to convince us they had entered into the lease agreement before planting time.

Mr. ABBITT. In other words, this would not permit any new agreement at all?

Mr. TODD. It is just a question of when it is given to us.

Mr. ABBITT. It takes care of the man who failed, either by negligence or who did not know about it, or who overlooked the filing of the lease with the county committee at the proper time?

Mr. TODD. Yes.

Mr. ABBITT. Are there any questions?

Mr. DOLE. I have not any questions and am in favor of the bill. Just as a matter of inquiry, Mr. Chairman, I am wondering, when the bill comes to the full committee, if you will have any objection to my offering an amendment which would assist the people in my State. It costs no money, it merely means they can compute their July parity before June 29.

We have had a freeze and drought in Kansas, and the wheat has been damaged. I am trying to get the certificate payments to the farmers as early as possible so they can meet their obligation.

Mr. ABBITT. I do not see any objection.

Mr. DOLE. Mr. Godfrey testified on it last Friday. It simply permits administrative action about 30 days earlier.

Mr. ABBITT. There would not be any objection on my part if it did not affect this bill. I will talk to the chairman, Mr. Cooley.

(Off the record.)

Mr. ABBITT. Don, you want to be heard; do you not?

**STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF FLORIDA**

Mr. FUQUA. Mr. Chairman, I will not take up the time of the subcommittee. I will just submit a statement for the record.

I wholeheartedly endorse the legislation. I have either three or four in my district. I will appreciate it very much.

(Prepared statement of Mr. Fuqua follows:)

**STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF FLORIDA**

Mr. Chairman, I appreciate very much your giving me the opportunity to appear before you on behalf of my resolution, H.J. Res. 1118, which will amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed. This means a great deal to a small number of tobacco farmers who have found themselves in the unfortunate circumstances of their lease not being filed with their local ASCS offices prior to the April 1, 1966, deadline. The cases of which I am aware are ones I feel were not intentional and they are definitely not cases which have occurred before.

I realize the necessity of the maintaining of the deadline and of the restrictions that it be adhered to and observed. It appears in this instance there are exceptions to which due consideration is requested as the case can be for any type of restrictive provision. For example, in one of my own cases which led me to introduce this resolution, the constituent was hospitalized at the time of the deadline and his concern for his health, of course, superseded that of his farming operations. There are two other farmers whose County ASCS Officer contacted me on their behalf requesting I do everything I could to be of help to them. Certainly this would indicate the County Officer feels these men were not neglectful, but merely inadvertently failed to comply with the April 1 deadline.

The legislation provides that the county committee, with the approval of a representative of the State committee, must determine that a lease was agreed upon prior to the normal planting time in the county. I am sure that each case is weighed very carefully and considered most thoroughly. As I have stated before this committee before, it is certainly not my intention to bring about the enactment of legislation which will result in preferential treatment or which will bring any abuse of a privilege. On the contrary, I would be one of the first to repeal any action which I felt would permit this. I am sincerely requesting that you give due consideration and every favorable gesture possible to these cases. Surely, there is no need of me impressing upon you that any other actions will result in these farmers experiencing a hardship from grave financial losses.

The Department of Agriculture has no jurisdiction whereby it can waive the deadline for these cases and allow for consideration to be given as is provided in this resolution. I have long felt and discussed with you the need for such provisions to be enacted and amendments to the Act whereby there would not be the necessity of your committee having to consider this type of legislation each year. In view of the fact you have been faced with these circumstances a number of times, it is respectfully requested that you give due consideration to providing the Department with the necessary authority and guidelines.

At this time, I respectfully and sincerely request your giving every consideration you can to H. J. Res. 1118, keeping in mind the needs and circumstances of those involved, and report the resolution for further favorable action.

Mr. ABBITT. I would like to say, for the record, that the Congressman has been most diligent in his efforts to look after his tobacco farmers. He has been working on this problem for some time, and

the Tobacco Subcommittee deeply appreciates his help and assistance that he has given us ever since he has been up here.

Is there anything else anybody wants to say?

Mr. TODD. Did you accept my proposed amendment?

Mr. ABBITT. Yes. The amendment proposed is to change the date from the 30th of June to the 31st day of July.

The Chair indeed thanks the members for their attendance. That is the only bill we have.

The subcommittee stands adjourned.

(Whereupon, at 9:50 a.m., the subcommittee adjourned, subject to call of the Chair.)

The Tobacco Subcommittees deeply appreciate his help and assistance that he has given us ever since he has been in the House. Is there anybody else anybody wants to say?

Mr. Tamm: And you would not propose an amendment?

Mr. Tamm: Yes, if the amendment proposed to change the date from the 30th of June to the 31st day of July.

The Chair indeed thanks the members for their assistance. That is the only bill we have.

The subcommittee stands adjourned.

(Whereupon at 3:50 a.m. the subcommittee adjourned, subject to call of the Chair.)

MISCELLANEOUS AGRICULTURAL BILLS

STATEMENT OF LARRY BROCK, ASSISTANT ADMINISTRATOR  
ACCOMPANIED BY WILLIAM R. CULLINAN, DEPUTY DIRECTOR  
OF FINANCE, FARMERS HOME ADMINISTRATION, AND HOWARD  
V. CAMPBELL, ACTING ASSISTANT GENERAL COUNSEL, U.S.

**H.R. 15510, TO AMEND THE CONSOLIDATED FARMERS  
HOME ADMINISTRATION ACT OF 1961 TO AUTHORIZE  
THE SECRETARY OF AGRICULTURE TO HOLD PRE-  
PAYMENTS MADE TO THE SECRETARY BY INSURED  
LOAN BORROWERS AND TRANSMIT THEM TO THE  
HOLDER OF THE NOTE IN INSTALLMENTS AS THEY  
BECOME DUE**

THURSDAY, JUNE 16, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:15 a.m., in room 1302, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Callan, Teague of California, and Dole.

Also present: Martha Hannah, staff; Fowler C. West; and John J. Heimburger, general counsel.

Mr. POAGE. The subcommittee will please come to order.  
(H.R. 15510, introduced by Mr. Poage, follows.)

[H.R. 15510, 89th Cong., 2d sess.]

A BILL To amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to hold prepayments made to the Secretary by insured loan borrowers and transmit them to the holder of the note in installments as they become due

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (2) of subsection 309(f) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the words "the due date of the annual installment" and inserting in lieu thereof the word "due".*

Mr. POAGE. We are here this morning to consider H.R. 15510. With Mr. Brock representing the Administrator of the Farmers Home Administration is Mr. William R. Cullinan, Deputy Director of Finance, Farmers Home Administration, and Howard V. Campbell, Acting Assistant General Counsel, U.S. Department of Agriculture.

You may proceed Mr. Brock and tell us about the substance of this legislation and how it will work and why you are here.

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**STATEMENT OF LARRY BROCK, ASSISTANT ADMINISTRATOR  
ACCOMPANIED BY WILLIAM R. CULLINAN, DEPUTY DIRECTOR  
OF FINANCE, FARMERS HOME ADMINISTRATION, AND HOWARD  
V. CAMPBELL, ACTING ASSISTANT GENERAL COUNSEL, U.S.  
DEPARTMENT OF AGRICULTURE**

Mr. BROCK. Mr. Chairman and members of the subcommittee, thank you. I have with me Mr. William Cullinan, Deputy Director of our Finance Office and Mr. Howard Campbell who has been Director of the Farmers Home Administration Division of the General Counsel's Office since 1948, but after the sudden death of Ralph Koebel, Assistant General Counsel, Mr. Campbell has been named Acting Assistant General Counsel. We feel real proud that Mr. Campbell has received this appointment.

It is a pleasure for me to appear before you on H.R. 15510, amendment to the Consolidated Farmers Home Administration Act of 1961.

The proposed bill deals with the requirement in paragraph 309(f)(2) of the Consolidated Farmers Home Administration Act of 1961 which requires the Secretary to transmit all collections to insured lenders at least once a year. Although the Secretary as collection agent is granted authority to hold prepayments received at frequent intervals, he is required to transmit them to the noteholder annually on the due date of the annual installment. Final payments are remitted immediately. The proposed change would permit the Secretary to retain all prepayments in the insurance fund, and, at his option, to remit to the holder only the regular installments as they become due.

This amendment is needed because under the terms of the insured note the borrower need not meet the scheduled annual installment if the cumulative amount of his prepayments (other than refunds and similar payments) exceed the cumulative amount of the matured installments on his note. In many instances, cumulative prepayments are sufficient to preclude any payment being required on the note for several years. Many investors object strenuously when they do not receive at least the amount of accrued interest on each installment due date. Some also object because under present regulations the amount of annual earnings on their investment cannot be predicted with any certainty. If a borrower makes a large prepayment, this reduces the lender's interest earnings in future years.

The proposed amendment would make it possible to advise investors of the exact amount of interest and principal they will receive each year except for final payments in full. The proposed amendment would make these insured loans more attractive to investors because they would receive only the regular annual installments as they fall due, regardless of the aggregate amount of prepayments except final payments.

Prepayments not needed to meet installments when due would be retained in the insurance fund. The fund would bear the burden of paying interest accrued from the date of the prepayment to the date of transmittal to the holder. However, such interest cost would be minimized to the extent that prepayments held in the fund would be used to pay off borrowings from the Treasury, with the accompanying savings of interest on such borrowings, or to the extent that they would be invested in interest bearing obligations of the United States.

The proposed amendment would conform the language of paragraph 309(f)(2) of the act to the corresponding provision in paragraph 517(j)(1) of the Housing Act of 1949, as amended.

The administration has not taken a position on this bill and we would like the opportunity of filing a formal report.

Mr. POAGE. Without objection, that permission is granted to file a final report.

Mr. POAGE. So far as I am concerned, I am certainly not, unless somebody insists, going to entertain any motion to consider this bill until the administration makes up its mind. I think it is a good bill and a logical bill. It seems to me that it is something that would enable you to handle this matter more expeditiously. I recognize that you, Mr. Brock, are simply carrying out instructions, but if the administration wants this bill, or any bill, so far as I am concerned it better make up its mind and say so.

Mr. TEAGUE of California. I move that we adjourn.

Mr. POAGE. Without objection, the committee is adjourned.

Thank you, Mr. Teague.

(Whereupon, at 10:20, the hearing was adjourned.)

(The Department subsequently filed the following report:)

DEPARTMENT OF AGRICULTURE  
Washington D.C. July 7, 1966.

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

DEAR MR. CHAIRMAN: This is in reply to the informal request of your credit subcommittee for a report on H.R. 15510, a bill to amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to hold prepayments made to the Secretary by insured loan borrowers and transmit them to the holder of the note in installments as they become due. H.R. 15510 would amend paragraph (2) of subsection 309(f) of the Consolidated Farmers Home Administration Act of 1961 by striking out the words "the due date of the annual installment" and inserting in lieu thereof the word "due". The proposed amendment would conform the language of paragraph 309(f)(2) of the Act to the corresponding provision in paragraph 517(j)(1) of the Housing Act of 1949, as amended.

We recommend enactment of the bill.

The Secretary as collection agent is granted authority to hold prepayments received at frequent intervals, but is required to transmit them to the noteholder annually on the due date of the annual installment. Final payments are remitted immediately. The proposed change would permit the Secretary to retain all prepayments in the insurance fund, and, at his option, to remit to the holder only the regular installments as they become due. This amendment is needed because under the terms of the insured note the borrower need not meet the scheduled annual installment if the cumulative amount of his prepayments exceed the cumulative amount of the matured installments on his note. In many instances, cumulative prepayments are sufficient to preclude any payment being required on the note for several years. Many investors object strenuously when they do not receive at least the amount of accrued interest on each installment due date. Some also object because under present regulations the amount of annual earnings on their investment cannot be predicted with any certainty. If a borrower makes a large prepayment, this reduces the lender's interest earnings in future years. The proposed amendment would make it possible to advise investors of the exact amount of interest and principal they will receive each year except for final payments in full. The proposed amendment would make these insured loans more attractive to investors because they would receive only the regular annual installments as they fall due, regardless of the aggregate amount of prepayments except final payments.

Prepayments not needed to meet installments when due would be retained in the insurance fund. The fund would bear the burden of paying interest accrued from the date of the prepayment to the date of transmittal to the holder. However, such interest cost would be minimized to the extent that prepayments held in the fund would be used to pay off borrowings from the Treasury, with the accompanying savings of interest on such borrowings, or to the extent that they would be invested in interest bearing obligations of the United States.

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

Sincerely yours,

JOHN A. SCHNITTKER,  
Acting Secretary.

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H.R. 13360, TO AMEND THE PROVISIONS OF THE AGRICULTURAL ACT OF 1949, AS AMENDED, ESTABLISHING THE MINIMUM PRICE-SUPPORT LEVEL FOR PEANUTS

TUESDAY, JULY 19, 1966

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

The Committee met, pursuant to notice, at 10:30 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Abernethy, Jones of Missouri, Stubblefield, Purcell, Hagen of California, Stalbaum, Matsunaga, Vigorito, Redlin, O'Neal, Bandstra, Foley, Greigg, Abbitt, Callan, Dague, de la Garza, Mrs. May, Teague of California, Burton of Utah, and Hansen of Idaho.

Also present: Christine S. Gallagher, clerk; Martha Hannah, staff; Hyde Murray, assistant clerk; John J. Heimburger, general counsel; Francis LeMay, consultant; and Fowler C. West, staff.

The CHAIRMAN. The committee will please come to order.

This hearing is on H.R. 13360, which will be made a part of the record at this point.

(H.R. 13360 introduced by Mr. Cooley follows:)

[H.R. 13360, 89th Cong., 2d sess.]

A BILL To amend the provisions of the Agricultural Act of 1949, as amended, establishing the minimum price-support level for peanuts

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title I of the Agricultural Act of 1949, as amended, is further amended by adding at the end thereof a new section 108, as follows:

"SEC. 108. Notwithstanding the provisions of section 101 of this Act, price support to cooperators for each crop of peanuts, beginning with the 1966 crop, for which producers have not disapproved marketing quotas shall be at such level not more than 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines appropriate after consideration of the factors specified in section 401(b) of this Act. Price support in the case of noncooperators and in case marketing quotas are disapproved shall be as provided in clauses (3) and (5) of section 101(d) of this Act."

The CHAIRMAN. Mr. Thigpen, first, I want to welcome you back to this committee room. You have not been here for a long time.

Mr. THIGPEN. Thank you, Congressman.

The CHAIRMAN. Will you please explain the bill to us, Mr. Thigpen?

**STATEMENT OF JAMES E. THIGPEN, DIRECTOR, OILS AND PEANUTS POLICY STAFF, ASCS, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY THOMAS D. ODOM, DEPUTY DIRECTOR; LLOYD, I. HOLMES, SUPERVISORY AGRICULTURAL ECONOMIST, POLICY AND PROGRAM APPRAISAL DIVISION, ASCS, U.S. DEPARTMENT OF AGRICULTURE; AND GEORGE E. COOPER, DIRECTOR, COMMODITY STABILIZATION DIVISION, OGC, U.S. DEPARTMENT OF AGRICULTURE**

Mr. THIGPEN. The purpose of the proposed legislation is to simplify the determination of the price-support level and improve the administration of the program.

At the present time, the Secretary, under the law, is required to determine price-support levels as far as practical in advance of planting. In so doing, the law requires that the support be between 75 and 90 percent of parity, that the general factors, the eight general factors named in the law, be considered and that the supply percentage formula which is the Agricultural Act of 1949 be considered.

The Secretary also is required to redetermine the price-support level as of the beginning of the marketing year, which is August 1. That determination cannot, usually, be made until about the 15th of August, because of the necessity for waiting for the August 1 crop estimate which comes out usually on the 10th to the 15th of August.

In the meantime, the nature of the peanut industry being what it is, a substantial quantity of the peanuts has been sold forward by the shellers who purchase the crop from the growers.

There is no commodity exchange for peanuts, so peanut shellers go to the bank and borrow money with which to buy the crop. One of the bankers explained to me: "I do not want to loan one of my customers a million dollars and wake up some 6 months later and find he sold no peanuts." Consequently, in connection with the financing, the sheller makes forward sales and uses those forward sales as a basis for obtaining financing.

Now, by reason of the fact that as of August 1, the supply percentage formula must be considered in redetermination of the price-support level, it is possible that there could be a freak in the statistics which would cause a significant increase in the price-support level. That, of course, would create confusion and chaos and great financial difficulty within the industry.

We have tried to explain this to all of the people interested, to all the growers, and in all of the areas. I am sure they understand this and they recognize that the whole purpose here is to simplify the program operation with a minor technical change to avoid possible difficulty. There have been 2 years out of the last 10 in which there have been minor changes because of the application of the supply percentage formula. But we recognize there could be difficulty if we had an unusual situation in the new crop as of August 1.

The CHAIRMAN. You might have explained it to people back home, but you have not satisfied me with that explanation. I do not understand what you propose to do.

I have a two-page letter here from the Secretary which I have just received but I have not had a chance to study that.

Mr. THIGPEN. We propose to discontinue the application of the supply percentage formula in the determination of the price-supply level for peanuts.

The CHAIRMAN. When you say "supply percentage formula," where is that in the law?

Mr. THIGPEN. The Agricultural Act of 1949, along with the other legislation, defines the normal supply and this normal supply divided into the total supply gives a so-called supply percentage. Against certain supply percentages are specified certain minimum levels of support between 75 and 90 percent of parity.

The CHAIRMAN. I thought you were saying 5 percent supply. You are not saying 5 percent, are you?

Mr. THIGPEN. No, sir.

The CHAIRMAN. What did you say? Supply?

Mr. THIGPEN. Supply percentage formula.

Mr. HEIMBURGER. I wonder if you would want to let me have a go at this? I think I can explain it to the committee in just a few words how the law got to be where it is.

Mr. Chairman, the act of 1949, which is the basic price-support act, says the Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations price support to cooperators for any crop of any basic agricultural commodity for which producers have not disapproved marketing quotas at a level not in excess of 90 percent of the parity price nor less than the level provided in subsections (a), (b), (c), as follows—and these subsections (a), (b), (c), are the famous sliding scales that have been in the law since 1949. Subsection (a) says for tobacco, corn, and wheat, if the supply percentage as of the beginning of the marketing year is not more than 102, it is 90 percent and it slides down to a supply of more than 130 at 75 percent. Subsection (b) applies to cotton and peanuts, a similar sliding scale.

Now, over the years, we have from time to time amended this law so that we say with respect to corn, notwithstanding the provisions of section 101, which is where these sliding scales occur, the price-support levels for corn shall be set in such and such a manner.

And in section 106, we say, notwithstanding the provisions of section 101, the price support for tobacco shall be set in a different manner.

And in section 107, we say, notwithstanding the sliding scales in section 101, the price support for wheat shall be set in such and such a manner.

So, all of the commodities are now off of this sliding scale except peanuts, for which we have never enacted a notwithstanding section, and that is the proposal which the Department makes here today.

The CHAIRMAN. In other words, you take peanuts out from under the sliding scale. Is that what it amounts to?

Mr. THIGPEN. That is correct, Mr. Chairman.

Mr. POAGE. Why do you not just take the whole sliding scale off the books?

Mr. HEIMBURGER. This bill would do it, Mr. Poage. It would accomplish this by indirection. There would not be any further commodity subject to the sliding scale.

Mr. MATSUNAGA. Then, you would still need a schedule for peanuts, with a section to set a schedule.

Mr. HEIMBURGER. No. The price support for peanuts would be set under section 401(b) of the same act which sets out seven or eight criteria for the pricing of commodities, Mr. Matsunaga. This 401(b) also applies to all of these other commodities now, except wheat and tobacco. Is that correct, Mr. Thigpen?

Mr. THIGPEN. That is correct. This percentage formula did not work satisfactorily. On the other commodities, it did not work satisfactorily.

The CHAIRMAN. I thought you said five.

Mr. THIGPEN. I am having difficulty separating five from supply.

Mr. HAGEN of California. Am I correct in assuming that under the present law a certain mechanical computation is required involving certain factors, whereas under this proposal the same factors would not be binding on the Secretary; is that correct?

In other words, a price-support change would not be dictated if we changed the law.

Mr. HEIMBURGER. I think that is correct, substantially correct. The guidelines in 401(b) are rather definite, and they have been established by precedent. But nevertheless, there is not the mechanical supply percentage formula that has to be followed such as is now in effect with respect to peanuts.

Mr. HAGEN of California. They would be considered, but there is no mandate?

Mr. HEIMBURGER. There is no mandatory formula that has to be followed.

Mr. POAGE. Why should we not repeal section 101?

Mr. HEIMBURGER. Well, Mr. Chairman—are you asking me, Mr. Poage?

Mr. POAGE. Yes.

Mr. HEIMBURGER. There is an awful lot in section 101—its repeal would be likely to cause considerable discussion.

Mr. COOPER. Section 101 could have application with respect to wheat beginning with the 1970 crop, if the Secretary were not to declare quotas in effect. That is the only possibility of 101 coming into effect.

Mr. POAGE. Does anybody want it for wheat?

Mr. COOPER. I do not know. That is just the way the law presently reads.

Mr. O'NEAL. Mr. Thigpen, let me see if I understand it.

With respect to peanuts, the Secretary announces the price support twice during the year?

Mr. THIGPEN. That is correct.

Mr. O'NEAL. Once at preplanting?

Mr. THIGPEN. Yes.

Mr. O'NEAL. Does he use these eight factors in determining the original preplanting announcement?

Mr. THIGPEN. Yes, sir.

Mr. O'NEAL. On August 1, the Secretary is required to review this and consider the same eight factors again in announcing the final price support?

Mr. THIGPEN. That is correct.

Mr. O'NEAL. The preplanting is a sort of tentative price support?

Mr. THIGPEN. The sliding scale, if I use that instead of the supply, the sliding-scale formula is applicable now at the time of preplanting and on the redetermination in August, along with the eight factors.

Mr. O'NEAL. I was going to ask you if these are the same things. The sliding scale is something that is related to, but different from, the eight factors?

Mr. THIGPEN. It is in a specific arithmetical formula; yes, sir.

Mr. O'NEAL. So, in August the Secretary might be required to increase the price support, and it would throw these arrangements between bankers and shellers and candy manufacturers, and so forth—it would upset the stability that the market would otherwise have?

Mr. THIGPEN. It would create some financial chaos, yes, sir; a significant change.

Mr. O'NEAL. Because the sheller, in order to borrow money from the bank, would necessarily have to sell futures?

Mr. THIGPEN. It is the only way he can protect himself. He has no commodity exchange, so he must sell the physical commodity.

Mr. O'NEAL. So, this is a sort of "sword of Damocles" hanging over the sheller and banker?

Mr. THIGPEN. And the whole industry.

Mr. O'NEAL. Now, this "sword" has never fallen but twice, as I understand it, over the whole history of this program?

Mr. THIGPEN. Yes.

Mr. O'NEAL. In other words, there have been only two price increases?

Mr. THIGPEN. Yes, sir.

Mr. O'NEAL. In August. One, I believe, was in 1956 when the Secretary increased the final level about \$3 and something a ton, from \$220.60 up to 227.04; is that correct?

Mr. THIGPEN. Yes, sir.

Mr. O'NEAL. Then, in 1962 the Secretary was required to increase the price support from \$221 to \$221.40 which would mean 40 cents a ton?

Mr. THIGPEN. Correct.

Mr. O'NEAL. Which is minimal?

Mr. THIGPEN. Yes, sir.

Mr. O'NEAL. So, this has only brought about an increase twice in history—really once in history, but it is always that might come to the detriment of the sheller and banker in the industry?

Mr. THIGPEN. That is correct, sir.

The CHAIRMAN. Any further questions?

Mr. MATSUNAGA. Will the gentleman yield?

You say the "sword of Damocles" fell twice?

Did Congress at that time supply the hair to hang back the sword?

[Laughter.]

Mr. O'NEAL. It was not much of a sword when it rose 40 cents a ton. It went from \$223.60 to \$227.64. That did not hurt anybody, did it?

Mr. THIGPEN. I think at that time no damage was done. It is the uncertainty and the risk and the possibility every year that there can be a serious situation which creates the misunderstanding and difficulty around this sliding-scale formula.

Mr. O'NEAL. What you want to do is just have one price-support announcement during the year?

Mr. THIGPEN. The preplanting announcement, under what is proposed here with the elimination of the sliding-scale formula, still would be reviewed as of August 1 as it is beginning at the marketing

year for other commodities. If there had been a general rise in prices, and if the minimum support of 75 percent of parity requires an increase, that increase would be made, but the change there is not of the nature or of the likelihood that is tied in with this arithmetical formula.

Mr. O'NEAL. Are you saying that the results of this proposed legislation would be to make it optional with the Secretary, rather than mandatory, based on a formula?

Mr. THIGPEN. The Secretary, with the elimination of the sliding scale as has been done for other commodities, still would review the price-support determination as of August 1, and if parity had gone up and 75 percent of parity as of August 1 exceeded the preplanting announcement, the Secretary would be required to increase to that level under the law. But this is tied to the parity price, and the general change of prices, not to the arithmetical formula.

Mr. HAGEN of California. Under the present law, that second price could never be lower than the first price; is that not right?

Mr. THIGPEN. Could never be lower.

Mr. HAGEN of California. But it might be higher?

Mr. THIGPEN. It could be higher.

Mr. O'NEAL. If, under the proposed legislation, could it go up or down?

Mr. THIGPEN. Under the proposed legislation, the final price support could never be less than the preplanting price support.

Mr. O'NEAL. Could never be less?

Mr. THIGPEN. Could be more, never less.

Mr. O'NEAL. But he would have a discretion whether to raise it or not under the proposed legislation?

Mr. THIGPEN. The Secretary, under the law, has the discretion to set the price support above the minimal level, but if the redetermination on August 1, because of an increase in the parity price resulted in a support figure at 75 percent of parity, above the preplanting announcement, then it would be a mandatory increase to 75 percent of parity. That is true of all of the commodities within the 75 to 90 percent range.

The CHAIRMAN. Is that all?

Mr. O'NEAL. I do not understand the sliding scale.

The CHAIRMAN. Do you want your deputy to make a statement?

Mr. THIGPEN. I think not.

The CHAIRMAN. Or Mr Odom, Mr. Holmes, Mr. Cooper?

Mr. THIGPEN. No further statement, unless you desire, Mr. Chairman.

The CHAIRMAN. Any further questions?

Mr. POAGE. I would like to have you tell us why it makes any real difference at all—I probably have no objection to the bill, but I cannot understand this sword of Damocles. I cannot understand why it hurts anybody to get this chance at an increased price. I cannot see why it makes it difficult to get credit, either if there is a chance for the price to go up and no chance for it to go down. I do not see how my credit is impaired because of the possibility that I may have a little more income than I had expected.

Mr. THIGPEN. Congressman, I find it difficult to explain some of these things at times, and in a sense I repeat what I have been told. But if there is a basis for financing, and I have 10,000 tons of peanuts,

in order to move ahead and buy, I sell 5,000 tons forward. I sell this based on this price support announced. If I happen to have a \$8 or \$10 margin per ton and the price support is increased by \$8 or \$10 per ton, I am just wiped out. If it is increased by more than that, I automatically have a loss.

Mr. POAGE. I do not follow that.

The CHAIRMAN. I do not follow it either.

Mr. POAGE. If the price increases you suffer a loss?

Mr. THIGPEN. I put myself at this point in the place of the sheller.

The CHAIRMAN. How can you sustain a loss if the price goes up?

Mr. THIGPEN. In this case, I am in the marketing stream. I am the sheller who buys the peanuts from the farmer. Now, in order to obtain financing, I have sold forward a part of what I am going to buy, based on the preplanting price-support announcement.

The CHAIRMAN. You say you sold forward what? Say that again. I cannot follow you.

Mr. THIGPEN. All right, sir. The price-support announcement for discussion purposes, preplanting is \$200 a ton. I anticipate that will be the basic level for the crop. I sell 5,000 tons of peanuts in anticipation of buying against that \$200 price, and I have a margin of say \$10 per ton net. If, suddenly, the price support is increased to \$220 per ton in August and after I have sold forward, then I would have a loss of \$10 per ton.

Mr. POAGE. You are going to have that sort of thing under this bill, if it is passed. You are not going to know until August 15 what the price is, are you?

Mr. THIGPEN. That is true, in relation to the change in the general price level, and to the increase in parity. It is true in the sense that the Secretary has discretion to increase support within the 75 to 90 range. But the sliding scale which does not work satisfactory for any commodity, as far as I know, is based on a rigid arithmetical formula of supply relationship which can, under a freak condition, bring about large changes, which is extremely unlikely under the law as it would be amended here.

Mr. POAGE. There is no way this can hurt the producer, is there?

Mr. THIGPEN. I do not think it can the producer. I think it is in the interest of the producer. Otherwise, I am sure the Department and myself would not be for this.

The CHAIRMAN. When you say "forward," you sell part of it forward, what do you mean by that?

Mr. THIGPEN. I contract to sell to the manufacturer so many tons of peanuts.

The CHAIRMAN. For future delivery?

Mr. THIGPEN. Future delivery. I do that, before I am able to buy it.

The CHAIRMAN. If you sell it for future delivery, and the price goes up, you certainly cannot get hurt.

Mr. THIGPEN. The price I pay the farmer goes up, but I cannot get a higher price from the man to whom I have sold.

The CHAIRMAN. You agree to sell at a certain price?

Mr. THIGPEN. Yes, sir.

The CHAIRMAN. The price could not always be below the preplanting price, could it?

Mr. THIGPEN. Correct. I know Mr. Heimburger can explain it better than I can.

Mr. O'NEAL. I understand how the sheller can get hurt, but I still do not understand the difference that this bill would make.

Now, under the present law, the price could not go down in August; right?

Mr. THIGPEN. That is correct.

Mr. O'NEAL. Under the proposed legislation, the price still could not go down in August?

Mr. THIGPEN. Correct.

Mr. O'NEAL. Under the present law, a sliding scale would determine whether the price goes up in August, under the present law?

Mr. THIGPEN. There are two things that can cause the price to go up. One is an increase in the parity level itself, if support were set at 75 percent of parity initially. The other is the supply percentage formula. The change in parity is unlikely to be extreme. The change on this arithmetical formula could be extreme, and that is the danger in the sliding scale here.

Mr. O'NEAL. So you would have two things here that could cause it to go up, and you would be eliminating one of them with this bill.

Mr. THIGPEN. Eliminating the one that is most dangerous.

Mr. O'NEAL. The one that is most dangerous?

The CHAIRMAN. Any further questions?

Mr. HAGEN of California. If the Government sold a lot of peanut stocks, it could automatically force that price way up, could it not?

Suppose a lot of peanut stocks the Government owned were disposed of in a foreign-aid program, this disposal would dictate a large price support increase on the second determination?

Mr. THIGPEN. If it caused a change in the arithmetical relationship. This is unlikely.

The CHAIRMAN. Thank you very much, Mr. Thigpen.

(The following statements, letters, and telegrams were also submitted to the committee):

STATEMENT OF WILLIAM V. RAWLINGS, EXECUTIVE SECRETARY AND GENERAL COUNSEL, ASSOCIATION OF VIRGINIA PEANUT AND HOG GROWERS, INC.

On March 31, 1966 the Board Of Directors of the Association of Virginia Peanut And Hog Growers, Inc. thoroughly considered H. R. 13360 and unanimously took a position of opposition to the enactment of H. R. 13360 unless assurance was given that the Bill would be considered only on the Suspension or Consent Calendar of the House of Representatives.

Virginia peanut growers have reached the realistic conclusion that without such a legislative change the Department will continue to carry unreasonable quantities of peanuts in storage, at considerable and unnecessary cost to the peanut program in order to assure a supply at the beginning of the marketing year which will be sufficient to assure that there will be no possibility of a mandatory price support increase.

Virginia peanut growers have never felt that this phase of the peanut program was administered with proper regard to the intent of the Legislation but recognize that there is little likelihood the practice will be discontinued.

Virginia peanut growers do not agree that shellers *must* sell peanuts prior to the final price support announcement or if they feel compelled to sell that they could not take into consideration in establishing their selling price, the possibility of a modest price support increase in the final announcement.

These matters have been covered extensively in previous hearings before the Agricultural Committee of the House of Representatives and the Senate Committee on the Agriculture and Forestry. It is the feeling of Virginia peanut growers that it is preferable to make the legislative changes as proposed in H. R.

13360 to a continuation of the carrying of unreasonable and unnecessary inventory by CCC. However, Virginia peanut growers do not agree that the legislative changes are sufficiently urgent to warrant *any* possibility of major violence being done to the basic peanut price support program on the floor of the House of Representatives.

Virginia peanut growers would have been represented at the hearings at H.R. 13360 on July 19th, had they received any notification or knowledge of the hearings.

Virginia peanut growers are grateful to Chairman Cooley and the Committee for withholding action on H.R. 13360 until growers could be given an opportunity to present their views on this legislation.

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STATEMENT OF JOE S. SUGG, EXECUTIVE SECRETARY, NORTH CAROLINA PEANUT GROWERS ASSOCIATION, ROCKY MOUNT, NORTH CAROLINA

The North Carolina Peanut Growers Association has been aware of the United States Department of Agriculture's desire to amend the legislation concerning peanut price support determination, as covered in H.R. 13360. During the summer and fall of 1965, our Executive Committee discussed the "sliding scale provision of the Agricultural Act of 1949", and in a joint meeting with the Executive Committee of the Association of Virginia Peanut and Hog Growers on December 17, 1965, we went on record to "support a change in legislation which would make the preliminary price support announcement for peanuts the final price support announcement or determination provided there were safeguards not to penalize producers."

We informed Mr. J. E. Thigpen of the U.S. Department of Agriculture of our intention to support such legislation. We have since reviewed H.R. 13360 and I, in conference with Mr. Thigpen, reaffirmed our support for this bill and in conversation with Mr. Cooley and his staff members indicated our support of H.R. 13360 provided it could be handled through the committee and the Congress on a consent or suspension calendar so that the present peanut price support legislation would not be subjected to amendments that would eliminate or materially change the present program to the detriment of the peanut growers.

We, therefore, in this statement, on behalf of the peanut growers of North Carolina, respectfully request that the House Committee on Agriculture give favorable consideration to H.R. 13360 with the assurance that the bill be considered on the suspension or consent calendar of the House of Representatives. We have arrived at the decision to support this legislation based upon the fact that in the past the Department has always managed to maintain in CCC inventories sufficient peanuts so that the sliding scale which would cause an upward revision in the price on August 1st has not been put into effect and upon the premises that the threat of an upward price change on August 1st has prevented or made future trading contracts difficult between the shellers and the manufacturers.

We are in hopes that H.R. 13360 will help stimulate future sales of peanuts, will encourage manufacturers and CCC to rapidly and orderly use their inventories, thus preventing unnecessary storage of peanuts and reducing program storage costs.

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GORMAN, TEX., July 22, 1966.

Hon. HAROLD COOLEY,  
*Chairman, House Agriculture Committee,  
House of Representatives, Washington, D.C.:*

Southwestern Peanut Growers Association supports immediate passage of H.R. 13360. Recommend that bill be handled on Consent Calendar if possible.

SOUTHWESTERN PEANUT GROWERS ASSOCIATION,  
ROSS WILSON, *Manager.*

ALBANY, GA., July 23, 1966.

Hon. HAROLD COOLEY,  
*Chairman, Agriculture Committee,*  
*House of Representatives, Washington, D.C.:*

We learned today that the hearing was held on July 19 regarding H.R. 13360. The substance of this bill has been thoroughly discussed with peanut producer representatives including Mr. Joe Sugg of North Carolina. All are aware of the difficulty which current method of determining price supports places on peanut shellers. Grower representatives from all producing areas are sympathetic and have voiced no opposition to H.R. 13360. Members of the Congress from the Southeastern production area have been advised accordingly. Since it is sincerely believed that subject legislation is to the best interest and benefit of the entire peanut industry on behalf of the commercial peanut shellers of Alabama, Florida, and Georgia respectfully request and strongly urge that H.R. 13360 be approved and passed prior to harvest of forthcoming crop. We recommend that it be placed on the Consent Calendar of the House.

SOUTHEASTERN PEANUT ASSOCIATION,  
 JOHN W. GREEN, *Executive Director.*

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PEANUT GROWERS COOPERATIVE MARKETING ASSOCIATION,  
*Franklin, Va., July 25, 1966.*

Hon. HAROLD D. COOLEY,  
*House of Representatives,*  
*Washington, D.C.*

DEAR HAROLD: We received news of the House Agriculture Committee hearing on Bill H.R. 13360 after the meeting had been held. We do appreciate you having Mr. LeMay contact Mr. W. V. Rawlings on this matter who, in turn, got in touch with us.

Our Board of Directors, representing the peanut growers of Virginia and North Carolina, do not object to H.R. 13360 provided the Bill can be introduced on the consent or suspension calendar. Should the Bill be introduced in any other manner we would object strenuously.

With best wishes, I am,  
 Sincerely,

J. F. TURNER.

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GILLAM BROS. PEANUT SHELLER, INC.  
*Windsor, N.C., July 27, 1966.*

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

DEAR CONGRESSMAN COOLEY: We support the enactment of H.R. 13360 provided we have assurance that no amendment could be passed that would abolish our present price support program.

Yours very truly,

J. B. GILLAM, Jr., *President.*

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SOUTHWESTERN PEANUT GROWERS' ASSOCIATION,  
*Gorman, Tex., July 27, 1966.*

Hon. HAROLD COOLEY,  
*Chairman, House Agriculture Committee,*  
*House of Representatives, Washington, D.C.*

DEAR MR. COOLEY: I wish to express my support of H.R. 13360, the proposed bill which would simplify the present method of computing and announcing the level of peanut price support. I am a peanut grower in Atascosa County, Texas.

As I see it, the advantage to the producer would be elimination of the need for the Department of Agriculture to carry large stocks of peanuts in storage each year until August. Under the proposal, this practice would be eliminated and some of the program costs would be reduced.

I will appreciate your help in securing passage of this legislation during the current session of Congress.

Thank you.  
Sincerely,

CECIL BYNUM,  
*Route A, Pleasanton, Texas.*

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ALABAMA PEANUT PRODUCERS ASSOCIATION,  
*Dothan, Ala., July 28, 1966.*

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

DEAR MR. COOLEY: This refers to press release dated July 19, 1966 concerning action by the House Committee on Agriculture for H.R. 13360.

The peanut growers of Alabama have discussed and considered the sliding scale price provision of the Agriculture Act of 1949 regarding peanuts, and we are of the opinion that the change as proposed in H.R. 13360 will be of material benefit to the entire peanut industry as the change will contribute to the orderly marketing of peanuts. As the law now stands, it is difficult to market peanuts between the pre-planting announcement in early Spring and the final announcement in August, and in our opinion is not good for the peanut industry.

The peanut growers do not wish to take the risk of changing other provisions of the peanut program at this time; therefore, we recommend that this bill be placed on the Consent Calendar of the House of Representatives and that it be passed prior to the harvest of the 1966 crop.

Yours very truly,

JAMES EARL MOBLEY, *President.*

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JACKSON, N.C., *August 1, 1966.*

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

DEAR CONGRESSMAN COOLEY: As a member of the National Peanut Advisory Committee on peanuts, I supported the change in supply situation and requiring the Secretary of Agriculture from making two price announcements during the same year. It seems the Secretary always found ways to beat the supply situation so it would fit the need they felt was necessary. This seemed true regardless of which party was in to administer the program. With this in mind, I felt it would at least help some other people that buy and sell peanuts to stabilize their markets since they had no way of knowing what the August 1 price would be.

I think the Department of Agriculture should have notified us when this hearing was to be held so some of us could have done before the hearing what we are now doing. Your press release was my first notice.

I have written you as President of Peanut Growers Co-Operative Marketing Association endorsing this proposal. I am now supporting it personally, but still insist it must be by consent because so many people do not want any peanut legislation to come on the floor this year.

I want to thank you for handling this in the manner you did, by protecting the growers.

Yours very truly,

J. F. TURNER.

GEORGIA AGRICULTURAL COMMODITY COMMISSION FOR PEANUTS,  
*Tifton, Ga., August 15, 1966.*

Hon. HAROLD D. COOLEY,  
*Chairman, House Committee on Agriculture,  
House Office Building, Washington D.C.*

DEAR CONGRESSMAN COOLEY: In the past few weeks we have had several inquiries concerning the attitude of the peanut growers of Georgia concerning H.R. Bill 13360 which you introduced in Congress on March 7 1966. These inquiries were probably prompted by a recent headline in some of the daily papers which read: "Cooley seeks growers views on peanut action".

H.R. Bill 13360 was discussed fully at the board meeting of the Georgia Agricultural Commodity Commission for Peanuts on April 14, 1966 and we quote the following from the minutes of that meeting: "At the regular meeting of the Georgia Agricultural Commodity Commission for Peanuts and the Advisory Board held today full discussion was conducted concerning H.R. Bill 13360 introduced by Representative Harold D. Cooley. The Commission is not a legislative body but individual opinions expressed indicated that among those present from over the peanut belt in Georgia there was no opposition to the bill."

At the regular board meeting held on August 11, 1966 in light of the inquiries received in our office, the bill was again discussed fully and freely by our members. A motion was made and unanimously passed that the members present reaffirm the position which was stated on April 14th.

The members of the Commission and Advisory Board still have not received any objection to this legislation from our growers.

Sincerely yours,

GEORGE P. DONALDSON,  
*Executive Secretary.*

Mr. COOLEY. We will go into executive session.

(Whereupon, at 11:05 a.m., the committee retired into executive session.)

## S. 112, H.R. 15951, TO AMEND THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT

WEDNESDAY, AUGUST 10, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE.

*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:10 a.m., in room, 1302, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Stubblefield, Greigg, Callan, Teague of California, Dole, and Resident Commissioner Polanco-Abreu.

Also present: Representative Spark M. Matsunaga.

Christine S. Gallagher, clerk; Martha Hannah, staff, Fowler C. West, staff; and John Heimburger, general counsel.

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

We have met this morning to consider the bill H.R. 15951 by our colleague, Mr. Matsunaga. It relates to an extension of credit by Farmers Home Administration on leasehold security where the general law requires a freehold as the security for these particular loans. There has been substantially this type of legislation before this committee in the past, but it is our understanding at the present time that there is some kind of emergency pressure that makes it extremely desirable, at least from the standpoint of the people in Hawaii, to extend this credit at least on a temporary basis.

(H.R. 15951, introduced by Mr. Matsunaga, S. 112, and S. Rept. 1274, follow:)

[H.R. 15951, 89th Cong., 2d sess.]

A BILL To amend the Consolidated Farmers Home Administration Act of 1961 to authorize loans by the Secretary of Agriculture on leasehold interests in Hawaii, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 343 of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1991), is amended by striking the word "and" before the figure "(2)" in said section and by striking the period at the end thereof and inserting a comma and the following: "and (3) the term 'owner-operator' shall in the State of Hawaii include the lessee-operator of real property in any case in which the Secretary determines that the land cannot be acquired in fee simple by the applicant, adequate security is provided for the loan, and there is a reasonable probability of accomplishing the objectives and repayment of the loan: *Provided,* That item (3) shall be applicable to lessee-operators of Hawaiian Homes Commission lands only when and to the extent that it is possible for such lessee-operators to meet the conditions therein set out."

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Passed the Senate June 15, 1966.

Attest:

EMERY L. FRAZIER,  
Secretary.

[S. Rept. 1274, 89th Cong., 2d sess.]

### FARM REAL ESTATE LOANS ON LEASED LANDS IN HAWAII

The Committee on Agriculture and Forestry, to which was referred the bill (S. 112) having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

#### EXPLANATION OF BILL

This bill, with the committee amendment, would authorize the Secretary of Agriculture to make farm improvement loans under subtitle A of the Consolidated Farmers Home Administration Act of 1961 to lessee-operators of farmland in Hawaii where (1) the land cannot be acquired by the applicant; (2) adequate security is provided for the loan; and (3) there is a reasonable probability of accomplishing the objectives and repayment of the loan.

At present, real estate loans under subtitle A of that act (other than loans for land and water development, use, and conservation) are restricted to farmers who are or will become "owner-operators" of not larger than family farms. The bill would permit such loans to be made to "lessee-operators" in Hawaii in the circumstances outlined above. Operating and emergency loans, as well as land and water conservation and development loans, under the act are not now limited to owner-operators and are therefore now available to lessee-operators.

#### HEARINGS

Hearings were conducted by a subcommittee of the committee on May 6, 1965. The Department of agriculture advised that it had no objection to general legislation authorizing loans to lessee-operators, but that it did not recommend legislation applicable only to Hawaii. The hearings indicated, however, that there was a real need for this authority in Hawaii, which did not exist elsewhere, and the committee therefore restricted it to Hawaii.

#### NEED FOR THE BILL

Hawaii has land problems unlike those of other States, since much of its land is subject to restraints on alienation and consequently is operated under long-term lease.

A little over a century ago all of the land in Hawaii was owned by the King. Under King Kamehameha III, who became King in 1833, the land was divided into three parts, with one-third being vested in the King, one-third in the chiefs, and one-third in the tenants. Later the King divided his share, making two-thirds public domain and one-third his private estate; and the chiefs divided their land. Certain of the public lands were designated as Hawaiian homelands and subjected to statutory restraints on alienation by the Hawaiian Homes Commission Act, 1920.

A large part of the remaining lands have been controlled by a few landlords for many years, and their sale would result in such high taxes on the proceeds as to make sale impracticable. Some of the lands are held in charitable trusts which prevent their alienation.

As a consequence of these restraints on alienation most land transactions in Hawaii involve the sale of leases. Hawaiian farmers in order to carry on their operations must, like other farmers, have adequate financing, and should have available to them the financing provided for farm improvement by Farmers Home Administration loans to the extent that such loans can safely be made on the security such farmers can provide. The bill would permit such loans. They would be authorized only where adequate security can be provided, where they can be repaid, and where the purpose of the loan can be accomplished.

As indicated in the attached letter of the Department of Agriculture, some amendment of the Hawaiian Homes Commission Act, 1920, may be necessary before adequate security can be provided for loans on Hawaiian homelands. Consequently, the committee amendment indicates that further action may be required before loans can be made on such lands.

#### COMMITTEE AMENDMENT

The committee amendment to the text of the bill does not change the purpose of the bill. It makes it clear that the loans would be made under subtitle A of the Consolidated Farmers Home Administration Act of 1961; and limits such loans to cases where the land cannot be acquired by the applicant, there is adequate security, and the loan will accomplish its purpose and be repaid. It also makes it clear that further action may be required before loans can be made on Hawaiian homelands. The amendment has been approved by the Governor and both Senators of Hawaii.

#### DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 22, 1965.

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of January 21 for a report on S. 112, a bill to amend the Bankhead-Jones Farm Tenant Act to authorize the Secretary of Agriculture to make real estate mortgage loans on leased lands in Hawaii.

Titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended, were repealed by section 341 of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1921 note). Therefore, section 2 of the bill is undoubtedly intended to refer to parallel subtitles of the Consolidated Farmers Home Administration Act of 1961, as amended.

The Department does not recommend favorable action on S. 112. However, we would not object to the making of farm improvement loans to long-term lessees of agricultural lands if such authority were provided to apply in all States by adding a new section 310 to subtitle A of the Consolidated Farmers Home Administration Act of 1961 as follows:

"SEC. 310. For the purpose of making improvement loans under sections 302 and 303 of this subtitle, the term 'owner-operator' shall include long-term lessee operators who have reasonable prospects of accomplishing the purposes for which the loan is made, provided (1) the lease is freely transferable; (2) the lease extends beyond the loan repayment period for such term as the Secretary may require; and (3) adequate security is furnished for the loan, including (a) encumbrance of the lease for its entire term and of improvements placed on the leasehold by the lessee, and (b) where necessary, encumbrance of other interests in the land and agreement of the owners of such other interests to severance and removal of improvements placed on the leasehold by the lessee, or to pay, at the termination of the lease, the residual value of such improvements."

Such authority, if provided, would permit the Department to make or insure loans for improving leased farms, including farm buildings, land and water development, use, and conservation.

There is doubt that either S. 112 or a new section as suggested above would enable this Department to make farm improvement loans under sections 302 and 303 of the Consolidated Farmers Home Administration Act of 1961 to all long-term lessees in Hawaii. For example, under the Hawaiian Homes Commission Act, 1920 (48 U.S.C. 691), the Hawaiian homelands are subject to numerous restrictions as to qualifications of lessees, encumbrance of leases, uses of the leased

property, and other conditions which would need to be changed before loans could be made to lessees of such lands.

Section 4 of the Hawaiian Admission Act (Public Law 86-3), required that the Hawaiian Homes Commission Act of 1920, as amended, be adopted as a provision of the constitution of Hawaii. This was done in article XI of the State constitution. Section 4 provided that such adoption of the Hawaiian Homes Commission Act would be a compact with the United States relating to the management and disposition of the Hawaiian homelands. It further provided that the Hawaiian Homes Commission Act could not generally be amended or repealed without the consent of the United States and particularly that, without such consent, it could not be amended to change the qualifications of lessees. Moreover, section 4 has been interpreted as precluding any changes by the State in the act which would disturb its substantive provisions to the detriment of the intended beneficiaries (H. Rept. No. 32 to accompany H.R. 4221, 86th Cong., 1st sess., pp. 4 and 19; and the S. Rept. No. 80 to accompany S. 50, 86th Cong., 1st sess., p. 16). One of the substantive provisions of the Hawaiian Homes Commission Act limits the transfer, mortgage, or pledge to, or for the benefit of, native Hawaiians. (See section 208(5), 48 U.S.C. 702(5).)

Under the circumstances, if real estate improvement loans are to be made to long-term lessees of Hawaiian homelands under subtitle A of the Consolidated Farmers Home Administration Act of 1961, it would appear necessary not only to obtain prior authorization from the State legislature, but also to obtain the prior consent of Congress.

Long-term agricultural leases are prohibited in many of the other States by State constitutional or statutory limitations. The authorized terms for agricultural leases vary from State to State, from a minimum of 5 years to as much as 20 years. Even in States with such limitations the leasehold interest would provide some security for a farm development loan.

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

Sincerely yours,

CHARLES S. MURPHY,  
*Acting Secretary.*

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follow (existing law proposed to be omitted is enclosed in black brackets, new matter is printed initial, existing law in which no change is proposed is shown in roman):

#### CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

##### SUBTITLE A—REAL ESTATE LOANS

SEC. 302. The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and either training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

SEC. 303. Loans may be made or insured under this subtitle for acquiring, enlarging, or improving farms, including farm buildings, land and water development, use, and conservation, including recreational uses and facilities, refinancing existing indebtedness, and for loan closing costs. In making or insuring loans for farm purchase, the Secretary shall give preference to persons who are married or have dependent families and, wherever practicable, to persons who are able to make initial down payments, or who are owners of livestock and farm implements necessary successfully to carry on farming operations.

SEC. 304. Loans may also be made or insured under this subtitle to any farm-owners or tenants without regard to the requirements of section 302 (1), (2), and (3) for the purposes only of land and water development, use, and conservation.

\* \* \* \* \*

## SUBTITLE B—OPERATING LOANS

SEC. 311. The Secretary is authorized to make loans under this subtitle to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operation, (3) are or will become operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

\* \* \* \* \*

## SUBTITLE C—EMERGENCY LOANS

SEC. 321. (a) The Secretary may designate any area in the United States and in Puerto Rico and the Virgin Islands as an emergency area if he finds (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make under subtitle B or to make or insure under subtitle A of this title or any other Act of Congress) at reasonable rates and terms for loans for similar purposes and periods of time; and (2) that the need for such credit in such area is the result of a natural disaster.

(b) The Secretary is authorized to make loans in any such area (1) to established farmers, ranchers, or oyster planters who are citizens of the United States and (2) to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting provided they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan, and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

\* \* \* \* \*

## SUBTITLE D—ADMINISTRATIVE PROVISIONS

\* \* \* \* \*

SEC. 343. As used in this title (1) the term "farmers" shall be deemed to include persons who are engaged in, or who, with assistance afforded under this title, intend to engage in, fish farming, [and] (2) the term "farming" shall be deemed to include fish farming, and (3) the term "owner-operator" shall in the State of Hawaii include the lessee-operator of real property in any cases in which the Secretary determines that the land cannot be acquired by the applicant, adequate security is provided for the loan, and there is a reasonable probability of accomplishing the objectives and repayment of the loan: Provided, That item (3) shall be applicable to lessee-operators of Hawaiian Homes Commission lands only when and to the extent that it is possible for such lessee-operators to meet the conditions therein set out.

MR. POAGE. Mr. Matsunaga, would you care to present your bill first or would you care to have the Department submit their views first?

MR. MATSUNAGA. I would prefer that the Department present its views first.

MR. POAGE. All right, we will be glad to have the Department present their views and then you can make such comments as you care to.

STATEMENT OF JULIAN BROWN, ASSISTANT ADMINISTRATOR,  
FARMERS HOME ADMINISTRATION, U.S. DEPARTMENT OF  
AGRICULTURE, ACCOMPANIED BY HOWARD V. CAMPBELL,  
OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. BROWN. Mr. Chairman, I am Julian Brown, Assistant Administrator of the Farmers Home Administration.

Mr. POAGE. We are glad to have you, Mr. Brown.

Mr. BROWN. Of course, you know Howard Campbell here, of the General Counsel's office.

I have a brief statement which will take only a couple of minutes.

I appreciate the opportunity to appear here to offer comments which we may have, hoping that they may be useful to the committee in its consideration of this bill.

The bill would authorize the Secretary of Agriculture to make and insure what we call farm-ownership loans under section 302 of the Consolidated Farmers Home Administration Act of 1961, as amended, to lessee-operators of not-larger-than-family farms in the State of Hawaii.

Such loans could be made to eligible applicants under section 302 in any case in which the Secretary determined that the land could not be acquired in fee simple by the applicant, adequate security was provided, and there was a reasonable probability of accomplishing the objectives and repayment of the loan. Lessee-operators of Hawaiian Homes Commission lands would become eligible only when and to the extent they could meet the required conditions. Farm-ownership loans are now authorized in all the States and in Puerto Rico and the Virgin Islands to eligible farmer applicants who are or will become owner-operators.

Because the bill would restrict the proposed authorization to the State of Hawaii, the Department of Agriculture does not recommend favorable action on H.R. 15951. However, the Department would not object to legislation authorizing loans to holders of long-term leases of agricultural lands if the legislation would apply in all the States and Puerto Rico and the Virgin Islands.

If the committee has any questions, I shall be very glad to try to answer them.

Mr. POAGE. Mr. Brown, I do. I appreciate your statement. I want to be on record as being diametrically opposed to it. I think the reasoning of the Department is, unless you can show me something I do not understand, completely unsound. I want to get it for the record now.

Does the Department believe it desirable to expand the use of leasehold interests and long entailment of estates?

Mr. BROWN. Mr. Chairman, we think there are areas where this legislation would be helpful. In the West, where there are large holdings, the operator may have a homestead unit consisting of home and necessary buildings, and a long-term lease on land which he could not afford to buy and which we could not afford to loan him to buy. We think there are many cases like that in this country where such legislation would be helpful.

Mr. POAGE. Do you think that it is desirable to expand our laws so as to allow further entailment of estates than is allowed by the laws of the States at the present time?

Let me make it plain if you do not understand what I am asking. You are familiar with the rule in Shelley's case?

Mr. BROWN. With what, Mr. Chairman?

Mr. POAGE. With the rule in Shelley's case. You understand that that is the common law, that you cannot entail an estate beyond lives in being and for 21 years and 9 months. Is that not Shelley's case?

Mr. BROWN. I yield to Mr. Campbell on that.

Mr. CAMPBELL. Mr. Chairman, that is the rule against perpetuities.

Mr. POAGE. That is the rule in most of the common law States; is it not?

Mr. CAMPBELL. Yes, sir.

Mr. POAGE. What I am asking is do you think that it is wise to change that rule so as to allow further entailment of estates? I think that is what we have involved here.

Again, I did not realize that you were not a lawyer, but you are a businessman and you understand what happens when someone leaves his real property in trust. My State probably has more of it than any State in the Union. I think there are more big ranches in the State of Texas than any State of the Union. When the owner of those properties dies and ties up his property, not simply for lives in being and 21 years, but for perpetuity if he can get away with it, so that it can never be sold back into fee simple—do you think that is a good proposition?

Mr. BROWN. No, sir.

Mr. POAGE. That is the provision in Hawaii, is it not?

That is right, is it not, Mr. Matsunaga?

Mr. MATSUNAGA. That is correct.

Mr. POAGE. And was the law at the time this Bishop estate and other large estates were created and tied up there. Do you think that it is desirable to move that system to the other States of the Union?

Mr. BROWN. No, sir.

Mr. POAGE. That is exactly why this committee in the past has not looked with sympathy upon this proposal, because obviously if the owner of a property can tie it up for future generations and still let his heirs enjoy all of the benefits that they can enjoy if it were not subject to a limitation of entailment, the inducement to tie it up or entail it is much greater than it would be if those heirs were going to suffer a diminution in the value of that estate by reason of having those limitations placed on it. Is that not true?

Mr. BROWN. I think that is correct, Mr. Chairman.

Mr. POAGE. Therefore, if this committee were to do what you ask us to do and to extend the rule that exists in Hawaii to other States, would you not be encouraging rather than discouraging the entailment of property?

Mr. BROWN. Mr. Chairman, I would prefer that Mr. Campbell answer that question. But as a layman I would say that the proposal here would not extend the system that exists in Hawaii to other States. It would simply extend to other States the same authority that this proposed bill is asking for Hawaii.

Mr. POAGE. I know it does not extend it automatically. But it encourages those States to adopt the system that they have in Hawaii because the creator of the estate finds that neither he nor his heirs loses anything by tying it up, and, therefore, human nature being as it is, the owner of big properties is going to try to see that they remain in the hands of his heirs, and if they can enjoy all the fruits and benefits in perpetuity, what is there to prevent him—what is there to encourage him not to do it and what is there to encourage the State legislature not to authorize it?

Now, the legislature in my State very improvidently, I think, repealed the rule in *Shelley's* case. They did it in answer to the pressure that came from those that had big estates and wanted to tie them up. Now, if you make it unprofitable for those people to tie up those estates the legislatures of most States are going to react the same way.

The legislatures of most States reflect the wishes of the people of those States. Sometimes they are a little slow doing it, but our system of government works that way.

Certainly your proposal would encourage rather than discourage the entailment of estates, would it not?

Mr. BROWN. Mr. Chairman, I did not read that into it. The proposal here would simply authorize government loans where such a condition does exist.

Mr. POAGE. I know.

Now, I do not want to call names but there was a very fine citizen of the State of Texas who died about 3 months ago. He was my friend. I had known him for 40-odd years. He was a great benefactor of charitable institutions of my State. He owned at least eight quite sizable ranches and very substantial oil properties. He did not live in my district. He has tied that estate up and no man knows when, if ever, any of that property can ever again be sold in fee simple. He has it somewhat like I assume some of your great estates are, Mr. Matsunaga.

That has happened in the last few months in my State. Our laws allowed it. I am not trying to say that he was wrong. I think we encouraged that sort of thing. I think this will be a further encouragement to that sort of thing. I do not want to encourage it. I do not want to encourage the legislature of either Texas or Hawaii to perpetuate and extend such a system as that.

Now, I think Mr. Matsunaga has a problem that he has to deal with now, and he cannot wait for these social reforms to take place. I am not suggesting that we should deny any consideration of his immediate problem.

But I am suggesting that rather than letting his immediate problem become the basis of spreading a situation that we do not want to spread, we should confine it as much as we can both by time and by territory.

Do you not think that is sound, to do both of those things?

Mr. BROWN. Mr. Chairman, I think it is a legal question as to whether or not this proposal will accomplish the objectives, and I would like to have Mr. Campbell, if you wish, discuss that with you.

Mr. POAGE. Certainly. We shall be glad to have Mr. Campbell discuss it.

Mr. CAMPBELL. The Congressman to be the next witness is probably better qualified to discuss the problem in Hawaii than I am. But

it is my understanding that we have three different types of tenure in Hawaii.

One is the type of tenure under the old estates, the Bishop estates and similar estates where there is an entailment or a covenant against conveyance. Other lands in Hawaii were of the character of public domain lands. Some of them were owned by the territory before it became a State. Some of them were owned by the United States and have since been turned over to the State upon admission. As to those public lands, the State of Hawaii, I understand, is now selling some tracts for farming purposes, for pastoral purposes, and for homesites. Other lands in that category are being leased, at least temporarily, by the State of Hawaii.

As to the third category there were lands which were the King's lands and those have been subdivided among the native Hawaiians. The territorial law called the Hawaiian Homes Commission law, provided that they should not be transferred except to native Hawaiians and should not be encumbered except for any advances the territory or the State should make or guarantee. Those lands are historically leased for farm purposes and for home purposes.

As to the public lands, we can make a farm ownership loan for the acquisition and development of that part of the land which the State is going to sell on a long-term basis. As to the land which is entailed or which has a trust prohibiting conveyance, then the lessee of that land is without an adequate source of agricultural credit for the improvement which he needs to put on the leased land. There is some credit available through the State. There is some credit available from private sources. But that credit, as is true in the continental United States probably is not actually available to the people who need improvements of this land to work. It is effectually unavailable because of their lack of credit rating.

As to the Hawaiian Homes Commission land, the state legislature in 1965 clarified the Hawaiian Homes Commission Act to say that only the Hawaiian Homes Commission should make a loan with respect to the improvement of such based land. Until the legislature sees fit to modify that law, even if this bill is passed, we would not be in a position to make improvement loans on Hawaiian Home Commission lands. We would be able to make loans on the trust lands and on the public domain lands which are being made available for private purposes.

Mr. POAGE. Off the record.

(Discussion off the record.)

Mr. CAMPBELL. Mr. Chairman, you realize, of course, that when the State was admitted to the Union, this particular law, which was a territorial law and which Congress passed, was incorporated into the Admissions Act.

Mr. POAGE. Was it a territorial law or was it a law of the Kingdom of Hawaii?

Mr. CAMPBELL. It originated as an outgrowth of the practice which the Kingdom of Hawaii had employed, then it was carried over into the law of the Republic and then into the law of the territory by congressional enactment. Then, when the Admissions Act was enacted, the Congress incorporated the whole pattern into the constitution of Hawaii and provided that the State could not change that provision of the constitution of Hawaii without the consent of the

Congress of the United States. So we have a little more problem than your statement might indicate in this transaction.

Mr. POAGE. You always have that problem. When the Republic of Texas came into the United States, the U.S. Congress recognized—and before that the Congress of the Republic recognized all Mexican titles and the Congress of the United States recognized all Mexican titles and all Spanish titles which preceded the Mexican titles.

I guess California did exactly the same thing—I suppose.

Mr. TEAGUE. I think so.

Mr. POAGE. Although it was done by act of Congress in the case of Texas, and of course yours was a territorial government just as Hawaii was. But the annexation resolution recognized the Mexican titles and precludes the Legislature of Texas from repudiating those Mexican or Spanish titles. Of course we recognize that. But we also recognize that we can change for the future and I am not trying to say—I do not know what the constitution of Hawaii provides, whether it projects the existing system so that they cannot enact laws relating to the future. I recognize they cannot destroy the property rights of the Bishop Estate.

Mr. CAMPBELL. Those rights are protected by other provisions of the State and Federal Constitutions. It is only these Hawaiian Home Commission lands that are protected by the constitutional provision to which I referred.

Mr. POAGE. They cannot destroy the property rights that are vested under the existing laws in the particular States. Those property rights are vested and we cannot destroy them, but we can establish the rules for the future to prevent the repetition of this sort of thing, and instead of encouraging it, we can discourage it. I do not know how far they can go. But I do know, and I recognize that we have to give them some time to work on it, I do know that something needs to be done to discourage rather than to encourage it. It seems to me your suggestion is simply one that, well, they are in bad shape out there, they need some special legislation, let us give it to every State in the Union whether they need it or not.

Is that not about what yours comes to? Why do you want to extend this law to every State in the Union?

Mr. CAMPBELL. As Mr. Brown said awhile ago, there are situations in which it is economically unwise and almost impossible to develop farms in some parts of the continental United States with an acquisition loan of the character that we would make in the East or in the South.

Mr. POAGE. Well, now, you never have felt that was serious enough to come up here and ask for legislation on it?

Mr. CAMPBELL. We had provision, section 310 of the Consolidated Act before this committee which would have done that. But the committee took the position as you are doing now that that was headed in the wrong direction, it was dangerous, and so it was not enacted. That was an Executive proposal, however.

Mr. POAGE. I beg your pardon. I was thinking it related only to Hawaii, but probably it did relate to the whole country.

Mr. TEAGUE. May I ask a question? I am sorry I came in late, Mr. Chairman.

Mr. POAGE. Certainly.

Mr. TEAGUE. I am not certain I understand the whole problem. I assume that apparently these trusts over there allow the trustees to

sell property. If that is true, it would seem to me that Mr. Matsunaga's bill would go toward breaking up these trusts and getting the ownership into the hands of small operators.

Do I misunderstand the situation?

Mr. POAGE. I think you do, but would it not be well, maybe, if Mr. Matsunaga gave us his statement? He has not explained his position, and I wonder if it would be well for you right now to give an explanation of your bill.

### STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mr. MATSUNAGA. Thank you very much, Mr. Chairman, members of the subcommittee.

I thank you for this opportunity to testify in support of my bill, H.R. 15951, which would amend the Consolidated Farmers Home Administration Act of 1961 to authorize loans by the Secretary of Agriculture on leasehold interests in Hawaii.

Real estate loans available under subtitle A of that act are restricted to farmers who are or will become owner-operators of not larger than family farms. Existing law therefore renders ineligible farmers who hold less than a fee simple interest in the farm lands involved.

As you know, Hawaii has land problems which are quite different from those found in other States. First of all, there is an acute scarcity of available land, and fee simple land for agricultural use is almost nonexistent. This is especially true on Oahu, the principal island of the Hawaiian group. Much of the available land is subject to restraints on alienation and therefore may be obtained for farm purposes or any other purpose only as leaseholds.

The land problems peculiar to Hawaii have made it practically impossible for farmers to obtain needed financing to carry on their operations. My bill would tend to equalize the status of farmers in the island State with that of farmers in other States by authorizing farm improvement loans to be made under subtitle A to lessee-operators in Hawaii.

In order to accomplish the purposes for which my bill has been introduced, provisions have been included which would authorize such loans to lessee-operators of farmlands in Hawaii where (1) such lands cannot be acquired in fee simple, (2) adequate security is provided for the loan, and (3) there is reasonable probability of accomplishing the objectives and repayment of the loan.

This legislation, if enacted in time, would benefit the operators of a large number of family farms which have disappeared as the result of the growing urbanization of Oahu, the island on which the State capital of Honolulu and most of our Army and Navy installations in Hawaii are located. I have in mind, in particular, a group of truck farmers who will soon be displaced from the area known as Koko Head, now an easterly suburb of the city of Honolulu. Most of these farmers have engaged in truck farming in the area for many years, some for as long as a quarter of a century. As a result of several years of negotiations, a very desirable farm tract in the same general area has been offered as leaseholds to this group by a private development corporation, the Kaiser Corp., which has a master lease from Bishop Estate. Mr. Kaiser was kind enough to invite these farmers into a far corner of that tract of land, consisting of 87 acres.

Mr. TEAGUE. Mr. Chairman, may I interrupt briefly right there?

Mr. POAGE. Yes.

Mr. TEAGUE. Mr. Matsunaga, how long a leasehold for how many years is Mr. Kaiser willing to give these farmers? What I am getting at is, is this going to be a situation where land will be improved, and Mr. Kaiser, rather than the tenants, will be the beneficiary?

Mr. MATSUNAGA. Definitely the farmers, the tenants, will be the beneficiaries. The proposal is for a 55-year lease. Presently, under the Federal Housing Administration Act, 55-year leases are eligible for home loans. Mr. Kaiser has proposed a leasehold interest to the farmers for 55 years, renegotiable after 40 years. The present rental proposed is only \$150 per acre per year, which is something you can never get on the island of Oahu. So Mr. Kaiser, I think more in a public spirit than anything else, has made this offer to the farmers.

The farmers mistakenly had thought that they would be able to finance their share of the development costs by means of loans under the Farmers Home Administration Act. After being granted several extensions by the development corporation, the farmers reportedly have been granted a final extension date of September 30, 1966, to come up with their share of the improvement costs. By September 5, I am told, they must indicate to Mr. Kaiser whether they are going to exercise this option or not, so that there is an element of urgency in getting this bill out. The Senate, as you know, has already passed the bill. If we get it out of here, I believe we can get the President to sign it in time for the September 5 deadline.

The farmers are presently unable to obtain the needed loans.

These farmers have been supplying much of the fresh vegetable requirements of the military as well as the civilian population on Oahu. They presently raise about 75 percent of the total Manoa or semihead-type lettuce. The total weekly consumption of this crop is from 30,000 to 35,000 pounds. This area is considered to be the only suitable one for this important crop. Other vegetables grown in large quantities by these farmers are tomatoes, cucumbers, green peppers, and green onions. All of these vegetables are purchased in large quantities by the military.

In a recent unsolicited letter, Rear Adm. H. S. Persons, commandant of the 14th Naval District, with headquarters at Pearl Harbor, informed me that in spite of the fact that the Navy has been promoting the use of Hawaii-grown vegetables for the past several years, "the farmers of Hawaii have not been able to fully meet the total needs of the Navy." He appended to his letter a list of nine vegetables for which the Navy has its heaviest requirements. Included in the list are the five vegetables which are grown in large quantities by the farmers in the Koko Head area who face an uncertain future.

Admiral Persons went on to state that a meeting was held last month by Navy supply officers with officials of the State department of agriculture and the University of Hawaii and produce growers to solicit their help in increasing island production of these needed farm products.

Mr. Chairman, the Navy is to be commended for its farsighted views with respect to its requirements for fresh vegetables in Hawaii. It realizes the disastrous consequences which could flow during an emergency, such as the current airlines strike, if total reliance were to be placed on west coast sources of supply. The experience of the Navy is such that the production of fresh vegetables in Hawaii should

not remain at present levels, but ought to be increased substantially. This can be accomplished by increasing the acreage devoted to truck farming and improving present methods of production. Above all, it is vital that farmers be encouraged to remain farmers.

In Hawaii where, for all practical purposes, farmlands in fee simple are nonexistent, the continued production of vegetables even at present levels can be assured only by making loans under the Consolidated Farmers Home Administration Act of 1961 available to farmers holding leases on agricultural lands.

Mr. Chairman, for the reasons I have stated, I strongly urge that H.R. 15951 be given favorable consideration by this subcommittee.

I might add, Mr. Chairman, that I am in full agreement with your statement of policy relative to any rule against alienation. As a matter of fact, I was the first, as a member of the State or the then territorial legislature, to introduce a bill to break up large land-holdings by introducing the so-called Maryland land law bill which would have given lessees an option after 5 years on any leasehold to purchase the land in fee simple. But we have never been able to get that bill through. We lost by as narrow a margin as one vote in several sessions.

But the case presented here in Hawaii, Mr. Chairman, while I agree with your basic philosophy on land alienation, is that we are caught in a helpless situation, where either the farmers farm on leased lands or do not farm at all. We have these 87 acres now being offered by Mr. Kaiser to these farmers who are being displaced from their present farms because a new residential subdivision is being created where they are now situated.

So if we do not provide for them to be able to move onto these 87 acres, we will eliminate these family farmers from the Hawaiian economy, something which would be disastrous not only to the civilian population but to the military population in cases of emergency.

Fifty percent of our food is imported presently. We are hoping that we will be able to lower the percentage of import by as much as 10 to 15 percent in the next 10 years.

I ask that this subcommittee consider this bill favorably to help us toward attaining that end.

Mr. POAGE. Mr. Matsunaga, you would agree that there is no necessity of making this bill relate to the other States of the Union?

Mr. MATSUNAGA. I agree with you, Mr. Chairman, that it would be a bad policy to do that.

Mr. POAGE. And would you agree that if we were to limit this bill, say, through the next fiscal year, through next July it would give you time to meet at least the present emergency and maybe help the legislature to favorably resolve this situation, Mr. Matsunaga.

Mr. MATSUNAGA. I was prepared to ask for 5 years, but I would be willing to compromise for 3. I think a minimum of 3 years, Mr. Chairman, so that the farmers will have sufficient time to close down their present farms and move over into these new farms and make arrangements for loans. It may take 3 years. They should be given a minimum of 3 years.

Mr. POAGE. It will not take Farmers Home 3 years to make the loans or to move after the loans are made.

Mr. MATSUNAGA. I do not know how fast the loans can be processed, but if we can give them at least 3 years to do that, they ought to be able to take care of their problems of closing up the present farms and moving onto the new farms.

You see, Mr. Chairman, I might point out that the option can be exercised and needs to be exercised almost immediately, but the farmers do not necessarily have to move on to the land immediately.

Mr. GATHINGS. Mr. Chairman?

Mr. POAGE. Mr. Gathings.

Mr. GATHINGS. Where do these owners live? Do they live in the larger cities of Hawaii or on this farmland?

Mr. MATSUNAGA. On these family farms, Mr. Gathings.

Mr. GATHINGS. What size of family farm are you referring to?

Mr. MATSUNAGA. They range in size from 1 to 5 acres; usually no more than 5 acres, because land values are so high in Honolulu.

There may be a few 10-acre farms, but definitely no more than 10 acres, Mr. Gathings.

Mr. GATHINGS. Well, now, I just wondered whether or not this situation exists throughout Hawaii, regardless of whether you are growing other crops as well as vegetables.

Mr. MATSUNAGA. Yes, if you are referring to leaseholds.

Mr. GATHINGS. Now, the acreage is larger when you go into sugarcane.

Mr. MATSUNAGA. Most of the sugar lands, too, in Hawaii are leasehold lands. We do have some fee-simple lands, especially on the island of Hawaii, the big island, where land is not as scarce as on the island of Oahu.

Mr. GATHINGS. Off the record.

(Discussion off the record.)

Mr. GATHINGS. You referred to Koko Head as being an area that would face quite an uncertain future. Where is Koko Head located in Hawaii?

Mr. MATSUNAGA. It is on the island of Oahu. Oahu is the capital island of the Hawaiian Archipelago. Honolulu, the capital city, is located on the island of Oahu. Oahu has 80 percent of the total population of the State.

That is where my home is—on the island of Oahu. I live in Honolulu.

Mr. TEAGUE. I have another off-the-record question.

(Discussion off the record.)

Mr. POAGE. Back on the record.

Are there any further questions?

(No response.)

Mr. POAGE. If not, we are very much obliged to you, Mr. Matsunaga.

Were there any further questions of the Department, or does the Department want to have any further comments?

Mr. BROWN. No, Mr. Chairman.

Mr. MATSUNAGA. Thank you very much, Mr. Chairman. I do want to impress upon you the urgency of this, and I leave with a sense of secure feeling that you will give sympathetic consideration to the bill.

Thank you very much.

Mr. TEAGUE. Off the record.

(Discussion off the record.)

Mr. POAGE. Thank you, gentlemen.

The subcommittee will go into executive session.

(Whereupon, at 11 a.m. the subcommittee went into executive session.)

## MISCELLANEOUS BILLS

S. 3421, To Authorize the Secretary of Agriculture To Convey Certain Lands and Improvements Thereon to the University of Alaska

H.R. 4429, To Provide for Reimbursement to the State of Wyoming for Improvements Made on Certain Lands

H.R. 9150, To Amend the Act of August 28, 1950

H.R. 2066, To Amend the Act of August 28, 1950

H.R. 5934, To Amend the Agricultural Adjustment Act of 1938

H.R. 14010, To Authorize the Secretary of Agriculture To Extend and Renew to Chicago, Milwaukee, St. Paul & Pacific Railroad Co. Lease of a Tract of Land

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WEDNESDAY, AUGUST 17, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON DEPARTMENTAL OVERSIGHT  
OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to recess, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Paul C. Jones of Missouri (chairman of the subcommittee) presiding.

Present: Representatives Jones, Hagen of California, Matsunaga, Dole, and Resident Commissioner Polanco-Abreu.

Also present: John J. Heimburger, general counsel; Martha S. Hannah, staff.

Mr. JONES. The Subcommittee on Departmental Oversight will come to order.

We have a number of bills this morning.

I think it might be in order to explain the difficulty we are having, because there are three subcommittees meeting at this same hour, and some of us are on more than one subcommittee. So we will try to accommodate as many people as we can.

I am Representative Paul Jones, of Missouri. And beside me is Representative Robert Dole, of Kansas.

S. 3421

The first bill we will hear this morning is by the Honorable Bob Bartlett, a Senator from Alaska, a former member of this committee.

Senator, we are very happy to have you here this morning. And we will be very pleased to hear from you at this time on S. 3421.

(S. 3421 follows:)

[S. 3421, 89th Cong., 2d sess.]

AN ACT To authorize the Secretary of Agriculture to convey certain lands and improvements thereon to the University of Alaska

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding any other provisions of law, the Secretary of Agriculture is authorized to determine and to convey by quit-claim deed and without consideration to the University of Alaska for public purposes all the right, title, and interest of the United States in and to the lands of the Alaska Agricultural Experiment Station, including improvements thereon, and such personal property as may be designated, located at Palmer and Matanuska, Alaska.

Passed the Senate August 5 (legislative day, August 3), 1966.

Attest:

EMERY L. FRAZIER,  
Secretary.

### STATEMENT OF HON. E. L. BARTLETT, A UNITED STATES SENATOR FROM THE STATE OF ALASKA

Senator BARTLETT. Thank you, Mr. Chairman, and Congressman Dole.

I appreciate the opportunity of appearing before you in connection with this bill. And I do so only because of a certain urgency attaching to it. It is, to the best of my knowledge, noncontroversial. There is a favorable report from the Department of Agriculture.

Back in the forties, for reasons not entirely clear to anyone, the decision was made by the Congress to transfer the experiment station in Alaska from the University of Alaska to the Department of Agriculture for exclusive administration and operation by the Department. This was the only place in the country with a land-grant college where this was done.

Now, for a considerable period of time those of the Department and the university have desired to restore the normal relationship to give the experiment station back to the university. That is what the bill before you at this time proposes to do.

The Alaska State Legislature meeting in 1966 adopted a joint resolution approving and endorsing and urging the transfer. I should like to submit such for the record.

Mr. JONES. We will be glad to include it in the record at this point. (The resolution is as follows:)

#### ALASKA STATE LEGISLATURE, 1966

JOINT RESOLUTION: RELATING TO THE TRANSFER OF THE ALASKA AGRICULTURAL EXPERIMENT STATION FACILITIES AND PROGRAM RESPONSIBILITY FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE TO THE UNIVERSITY OF ALASKA

*Be it resolved by the Legislature of the State of Alaska:*

Whereas the State of Alaska is the only state of the 50 states that does not have essentially complete control of its own agricultural experiment station; and

Whereas it would be beneficial to this state to have the United States Department of Agriculture:

(1) convey and transfer without monetary consideration to the University of Alaska the lands and buildings, together with improvements and appurtenances thereto, of the Alaska Agricultural Experiment Station at Palmer and Matanuska, Alaska; and

(2) allocate the direct federal funds, appropriated annually to the Agricultural Research Service for research in Alaska, to the proper divisions of that service exclusively for research in Alaska in cooperation with the University of Alaska's Agricultural Experiment Station, in order to operate the experiment station on a basis comparable with those in the other states; and

Whereas splitting the salaries between the federal government, the state government and the University of Alaska, and the confusion of personnel as to which agency they are answerable to is not for the best interests of research or the agencies involved; and

Whereas, at one time, the University of Alaska was in charge of the experimental station but lost that status due to an Act of Congress, but now the University having gained stature, the Department of Agriculture believes that Alaska can take its place with the other 49 states, if suitable legislation is passed by Congress;

*Be it resolved*, That the Congress of the United States pass a bill authorizing and directing the Department of Agriculture to convey and transfer to the University of Alaska the lands and buildings, together with improvements and appurtenances thereto, of the Alaska Agricultural Experiment Station at Palmer and Matanuska, Alaska; and

Copies of this resolution shall be sent to the Honorable Lyndon B. Johnson, President of the United States; the Honorable Orville L. Freeman, Secretary of Agriculture; and to the Honorable E. L. Bartlett and the Honorable Ernest Gruening, U.S. Senators, and the Honorable Ralph J. Rivers, U.S. Representative, members of the Alaska delegation in Congress.

## AUTHENTICATION

The following officers of the Legislature certify that the attached enrolled resolution, House Joint Resolution No. 95, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the House, March 31, 1966.

Attest:

MIKE GRAVEL,  
*Speaker of the House.*  
NADINE WILLIAMS,  
*Chief Clerk of the House.*

Passed by the Senate, April 7, 1966.

Attest:

ROBERT J. McNEALY,  
*President of the Senate.*  
EVELYN K. STEVENSON,  
*Secretary of the Senate.*  
WILLIAM A. EGAN,  
*Governor of Alaska.*

Senator BARTLETT. The urgency, Mr. Chairman and members of the committee, comes about by the fact that this year's budget did not contain any funds for the continued operation of the station. This would have meant, of course, a substantial closure of all agricultural research and related activities in Alaska. The Appropriation Committees realized that this would create a chaotic condition, and they restored funds so that the operation might proceed during the current fiscal year in the normal manner. If this bill can become law this year, then we will be as any other land-grant institution. The passage of the bill will not constitute a financial benefit to Alaska. On the other hand, Alaska will be required to supply money that it does not now furnish. And this we will be glad to do.

I don't think there is any need for me to go any further into this by way of explanation. I would be glad to answer any questions.

But, to repeat myself, my chief reason for appearing here was to seek to describe to you the need to get this bill through this year if at all possible.

Thank you very much.

Mr. JONES. Thank you, Senator.

Do I understand that we have a favorable report on this bill, Mr. Heimburger?

Mr. HEIMBURGER. Yes, sir.

Mr. JONES. Are there any questions?

Mr. HAGEN of California. I would like to ask some.

Mr. JONES. Congressman Hagen from California.

Mr. HAGEN of California. Senator Bartlett, just out of curiosity, did you have any trouble with Senator Morse on this bill?

Senator BARTLETT. Not a bit. I am glad you brought up that question, as the saying goes. There was a slight measure of apprehension on the part of the proponents of the bill that the Morse formula might be invoked. But I am merely going to make the supposition that this was carefully inquired into by Senator Morse, or his aids, and passed muster, and so no effort was made to apply the Morse formula—to my great relief, I might add.

Mr. HAGEN of California. I wish I could get your assistance on a land deal in my district. Thank you.

Mr. JONES. Any other questions?

[No response.]

Thank you, Senator, for appearing here.

Senator BARTLETT. Thank you. You have been very kind to let me appear.

Mr. JONES. Mr. Starkey.

**STATEMENT OF JAMES H. STARKEY, ASSOCIATE DIRECTOR, FOREIGN RESEARCH AND TECHNICAL PROGRAMS DIVISION, AGRICULTURAL RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. STARKEY. J. H. Starkey, Agricultural Research Service, USDA.

Mr. Chairman, it is a pleasure to be with you this morning.

I really can't add much to Senator Bartlett's statement. I think he has described the purpose of this bill very well.

I would say that the Department has been in an unusual position with respect to the Alaska program. Our responsibility for the joint supervision of it has required that we work with problems that properly are matters of State concern. If this bill is approved, it will place Alaska on the same basis as the other 49 States with respect to its agricultural research program.

Now, the Department would continue its research in Alaska, but it would be a cooperative program with the State experiment station. We would still have USDA personal working at the Alaska experiment station. However, the supervision and control of the station and the State research program would become an integral part of the university together with its educational and extension functions. We heartily support this bill.

Mr. JONES. Are there any questions?

Mr. DOLE. I think you have made it clear that there is no objection to the bill.

Mr. STARKEY. There is none.

Mr. JONES. Mr. Heimburger.

Mr. HEIMBURGER. How did the United States acquire the property, the land on which the experiment station is located?

Mr. STARKEY. This land was transferred, I believe, from the Alaska Rehabilitation Corporation about 15 acres.

Mr. HEIMBURGER. And this is the extent of the land holding, 15 acres?

Mr. STARKEY. Fifteen acres. It is where the headquarters laboratory and greenhouses and located, and staff housing, as well.

Mr. HEIMBURGER. I would assume that the Department probably acquired this land free of charge, did it not?

Mr. STARKEY. Yes, sir.

Mr. HEIMBURGER. And not by purchase?

Mr. STARKEY. That is right.

Mr. HEIMBURGER. It is true, is it not, that transferring the experiment station back to the university will relieve the Federal Government of certain administrative and operating expenses?

Mr. STARKEY. Yes, it will. And it will permit the utilization of those funds for additional research.

Mr. HEIMBURGER. In other words, the funds which would have been spent simply on the fiscal operation and administration of the station, this will now be the responsibility of the State university?

Mr. STARKEY. That is right.

Mr. HEIMBURGER. And the funds that the Department of Agriculture might have spent for this purpose will be available for constructive activities, such as research, and so forth?

Mr. STARKEY. That is right.

As a matter of interest, that land was valued at \$1,330 at the time it was transferred.

Mr. HEIMBURGER. Thank you, Mr. Chairman.

Mr. JONES. If there are no further question, thank you, Mr. Starkey.

H. R. 4429

Mr. HAGEN of California (now presiding). The committee will now proceed to the consideration of H. R. 4429 by Representative Roncalio.

(H. R. 4429, introduced by Mr. Roncalio, and the reports of the Department of Agriculture and the Department of the Interior, follow:)

[H. R. 4429, 89th Cong., 1st sess.]

A BILL To provide for reimbursement to the State of Wyoming for improvements made on certain lands in Sweetwater County, Wyoming, if and when such lands revert to the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of Agriculture, having conveyed certain lands situated in Sweetwater County, Wyoming, to the State of Wyoming by reason of and in accordance with the provisions of that deed of June 6, 1962, executed pursuant to the Act of March 20, 1962 (76 Stat. 44), and having included in such deed provision that, if the lands so conveyed to the State of Wyoming should cease to be used in the cooperative agricultural demonstration work of the United States, Department of Agriculture, and the State of Wyoming, title to the lands thus conveyed shall revert to and become revested in the United States of America; the Secretary of the Interior be hereby authorized, at such time as said reversionary provision might become effective, to reimburse the State of Wyoming from whatever funds may be available to him, for those permanent improvements made by said State of Wyoming and remaining on said lands at the time such reversion of title becomes effective in an amount not to exceed the current fair market value of said improvements as determined by appraisal made at that time.

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., August 17, 1966.

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

DEAR MR. COOLEY: This is in reply to your letter of January 10, 1966, requesting a report by this Department on H. R. 4429, a bill "To provide for reimburse-

ment to the State of Wyoming for improvements made on certain lands in Sweetwater County, Wyoming, if and when such lands revert to the United States."

This Department conveyed to the State of Wyoming by quitclaim deed dated June 6, 1962, executed pursuant to the Act of March 20, 1962, (76 Stat. 44), the real property constituting the Farson Pilot Farm known as farm unit number W-18, Eden Valley Project, Sweetwater County, Wyoming. Included in the deed was a provision that, if the lands so conveyed to the State of Wyoming should cease to be used in the cooperative agricultural demonstration work of the United States Department of Agriculture and the State of Wyoming, title to lands thus conveyed shall revert to and become revested in the United States of America.

The Secretary of Agriculture, with the concurrence of the Secretary of the Interior, has transferred to the Secretary of the Interior, pursuant to the provisions of the Act of May 28, 1954, (68 Stat. 155), jurisdiction of the reversionary rights in the lands described in the Act of March 20, 1962, and the deed dated June 6, 1962, executed pursuant to that Act.

H.R. 4429 would authorize the Secretary of the Interior, at such time as said reversionary provision might become effective, to reimburse the State of Wyoming for those permanent improvements made by said State of Wyoming and remaining on said lands at the time such reversion of title becomes effective in an amount not to exceed the current fair market value of said improvements as determined by appraisal made at the time.

In view of the above, the Committee may wish to secure the comments of the Department of the Interior on this bill.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

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U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., August 16, 1966.

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

DEAR MR. COOLEY: There is pending before your Committee H.R. 4429, a bill to provide for reimbursement to the State of Wyoming for improvements made on certain lands in Sweetwater County, Wyoming, if and when such lands revert to the United States.

We recommend that the bill be enacted.

The bill authorizes the Secretary of the Interior to reimburse the State of Wyoming for permanent improvements made by it on certain land, which was conveyed by the Secretary of Agriculture to the State of Wyoming on condition that it be used for "cooperative agricultural demonstration work". The reimbursement is to be made after the reversion takes place for failure to comply with the condition. The reimbursement is to equal the current fair market value of the improvements, fixed by appraisal, as of the time of the reversion.

The land in issue, containing 664.12 acres and situated on the Eden Reclamation Project in Sweetwater County, Wyoming, was conveyed by the Secretary of Agriculture to the State of Wyoming by deed of June 6, 1962, pursuant to the Act of March 20, 1962 (76 Stat. 44). The foregoing action was consistent with the settlement and land development program under section 2 of the Eden Project Reauthorization Act of June 28, 1949 (63 Stat. 277), in that it assured the continued use of the land in the cooperative agricultural demonstration program of the Department of Agriculture and the State of Wyoming. The program designated as the Farson Pilot Farm was designed to contribute directly to the benefit of Eden Project settlers by affording them technical guidance and assistance in an effort to attain more efficient use of a critically limited water supply which, in turn, would contribute to more efficient operation of their farm units. A corresponding benefit accrued to the United States in that the farm unit owners could then be expected to be in a better position to meet irrigation district assessments for project operation and maintenance and project construction costs as contemplated under the Government-District repayment contract.

It has been recognized that a critical water situation exists on the Eden Project, and intensive investigations are presently being made of all possible means

whereby additional water can be developed to supplement the present supply. The Act of March 26, 1964 (78 Stat. 170), a bill "To defer certain operation and maintenance charges of the Eden Valley Irrigation and Drainage District," recognizes the water problem in the Eden Valley and Irrigation District. However, until such a supplemental supply becomes practicable of attainment, the Department of Agriculture and the Department of the Interior, with the concurrence of the water users, are holding any additional new land development in abeyance. The Department of Agriculture, which originally conducted the land settlement and development program, has progressively transferred to this Department all remaining Eden Project lands which have not passed into private ownership. With the concurrence of this Department, present plans contemplate that the Farson Pilot Farm program being conducted by the State of Wyoming will be phased out to permit both the retirement of the land in question and the use elsewhere on the project of the water allocated thereto. The cooperative agricultural work of the State will thereafter be carried out on the Seedskaadee Project where developmental data suitable for use on both the Seedskaadee and Eden Projects can be derived under circumstances where water supply is not a critically limiting factor.

At that time, the State of Wyoming's use of the Eden Project farm will cease. In such circumstances, the reversionary clause contained in the deed of June 6, 1962, will become operable and title to the land which had been conveyed to the State of Wyoming will thus be revested in the United States.

In the event the above land does revert to the United States it will, because of an insufficient supply of water, be unsuitable for incorporation in a project farm unit with ultimate disposition to a project settler. In such circumstances it will be virtually impossible for the State of Wyoming to recoup, in any reasonable measure, the capital expenditures it has made in permanent improvements in the course of its highly cooperative and commendable efforts to contribute to the economic success of the project.

The inventory summarization relating to the Farson Pilot Farm, as presently operated by the State of Wyoming, indicates values of permanent improvements as follows:

Dwellings.....	\$11, 500
Buildings and improvements including fencing, land development, etc...	13, 812
Total.....	25, 313

A more precise examination of the farm such as would precede the actual appraisal contemplated by the bill could, in some measure, modify the extent of the permanent improvements to be considered. Similarly, the values included herein are only approximations and thus would necessarily be subject to adjustment following appraisal. We estimate that the probable cost of the measure, if enacted, including associated cost of appraisal, administration, and salvage will be approximately \$40,000 less any possible recoupment that may be realized through possible salvage disposition of any of the improvements in question.

Because of the joint Federal-State cooperative activities involved in this case, and in view of the fact that a discontinuance of the demonstration activity is no fault of the State, we believe there are equities that make it appropriate to reimburse the State as contemplated by the bill.

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

Sincerely yours,

KENNETH HOLUM,  
*Assistant Secretary of the Interior.*

Mr. HAGEN of California. We have a witness here from the Bureau of Reclamation who has to catch a plane, we are going to give him the privilege of testifying first. We will hear from Mr. M. M. Langley, Acting Assistant Commissioner, Bureau of Reclamation, of the Department of Interior.

Mr. Langley.

STATEMENT OF MAURICE M. LANGLEY, ACTING ASSISTANT  
COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF  
INTERIOR

Mr. LANGLEY. Thank you, Mr. Chairman.

It is a pleasure to be here to support this bill for the Department of Interior.

I have a prepared statement which I will read, at your pleasure, and then if there are questions, I will be glad to answer them.

Mr. HAGEN of California. Proceed.

Mr. LANGLEY. As stated in the bill, the United States, acting through the Secretary of Agriculture under authority of the act of March 20, 1962 (76 Stat. 44), conveyed to the State of Wyoming by deed of June 6, 1962, 664.12 acres, more or less, situated on the Eden project in Sweetwater County, Wyo., for use as a project pilot or development farm.

The ensuing development and operation of the Farson pilot farm was, in all ways, consistent with the purpose and intent of the settlement and land development program contemplated under section 2 of the Eden Project Reauthorization Act of June 28, 1949, in that it assured the continued use of the land in the cooperative agricultural demonstration program of the U.S. Department of Agriculture and the State of Wyoming which had, at that time, been actively pursued since 1958-59. The program, designated as the Farson pilot farm, was designed to contribute directly to the benefit of Eden project settlers by affording them technical guidance and assistance in an effort to attain more efficient use of a critically limited water supply which, in turn, would contribute to more efficient operation of their farm units. A corresponding benefit accrued to the United States in that the farm unit owners could then be expected to be in a better position to meet irrigation district assessments for project operation and maintenance and project construction costs as contemplated under the Government-district repayment contract.

Since initiation of the Farson farm program, it has become more and more apparent that a critical water situation exists in the Eden project and all possible means are being explored whereby additional water can be developed to supplement the present supply. However, until such a supplemental supply becomes practicable of attainment, further new land development is being held in abeyance. To further this objective, the Department of Agriculture, which originally conducted the land settlement and development program, has progressively transferred to the Bureau of Reclamation all remaining project lands which have not passed into private ownership. Consistent with the furtherance of this action, present plans contemplate that the Farson Pilot Farm program, as presently being conducted by the State of Wyoming, will be phased out to permit both the retirement of the land in question and the use elsewhere of the project water presently required for operation of the pilot farm. The cooperative agricultural work of the State and the Bureau of Reclamation will thereafter be carried out on the Seedskaadee project where developmental data suitable for use on both Seedskaadee and Eden projects can be derived under circumstances where water supplied is not a critical limiting factor.

As previously mentioned, at such time as the State of Wyoming's use of the Farson pilot farm ceases, a reversionary clause in the deed will become operable and title to the lands will be revested in the United States. Because of the previously mentioned critical water situation, however, we do not believe it would be practicable to dispose of the farm to private ownership at this time. The Bureau of Reclamation is currently engaged in lining canals and laterals, and plans to make certain other irrigation improvements, all designed to provide for more efficient projectwide use of the total water supply available to the Eden project. While this program is progressing with reasonable dispatch, it cannot be completed in the immediate future. Accordingly, with the title to the Farson farm having reverted to the United States, and with no plans to dispose of it to private ownership, it would be virtually impossible for the State of Wyoming to recoup any of its capital investment which it has made in permanent improvements in the course of its highly cooperative and commendable efforts to contribute to the economic success of the project.

Mr. HAGEN of California. May I interrupt you at that point, sir?

Mr. LANGLEY. Yes, sir.

Mr. HAGEN of California. We might save time if you would just submit your statement.

As I understand this bill, it is really a reimbursement bill in the event this land reverts to the United States; isn't that right?

Mr. LANGLEY. That is correct, sir.

Mr. HAGEN of California. It is not a conveyance bill?

Mr. LANGLEY. No, sir.

Mr. HAGEN of California. It is merely a provision to reimburse the State of Wyoming in the event that this land reverts to the Department of Interior?

Mr. LANGLEY. That is correct. The reversion will be automatic under the existing deed.

Mr. HAGEN of California. I think if you would just submit the remainder of your statement for the record, it would save time.

(The remainder of the statement is as follows:)

Therefore, we believe that it would be equitable for the United States, operating through the Secretary of the Interior who has primary administrative responsibility for project construction, operation, maintenance, and any future land disposition, to reimburse the State of Wyoming for the current fair market value of its permanent improvements at the time of revestment.

We estimate that the cost of this measure would be approximately \$40,000. The most recently available inventory summarization pertinent to the Farson Pilot Farm indicates the present book values of the permanent improvements involved to include about \$11,000 for a dwelling, slightly in excess of \$13,000 for related buildings, fencing, land development, etc.

Whenever a supplemental water supply and/or improvements in distribution and use of the total supply indicate that a favorable resolution of the water supply problem is practicable, then the land and improvements can then be disposed of to a project settler. Under the terms and conditions of such possible future disposition, the major portion of the costs that would be incurred if H.R. 4429 is enacted could be recovered by the United States.

We strongly urge your favorable action on H.R. 4429.

Mr. HAGEN of California. Are there any questions?

Mr. DOLE. You are not certain when this land will revert?

Mr. LANGLEY. No, sir. The tentative plans contemplate that the State might close it out at the end of the year. I think they would be more comfortable closing it out if this legislation were already enacted before it was closed out. Without this legislation there would be a

temptation to lease the farm and try to recoup their investment by some other means.

Mr. DOLE. Were these improvements on the land when it was conveyed by the Secretary to the State of Wyoming?

Mr. LANGLEY. When the pilot farm started it was raw, desert land.

Mr. DOLE. So all the improvements that have been made since 1962 have been at the expense of the State of Wyoming?

Mr. LANGLEY. Yes, sir. However, some of them, before 1962, were made by the State under the 1958-59 arrangements to operate the pilot farm. Under those arrangements, they began to do the land leveling, and had made some related developments before the actual transfer. All the improvements under consideration, however, have been made at the expense of the State.

Mr. DOLE. Was there any discussion at that time, at the time the improvements were made, about reimbursement from our Government?

Mr. LANGLEY. No, there was not, because this was thought of as a continuing, long-range program, and the land would probably go on being operated as a farm. But now with the critical water situation, and with this pilot farm out on the extreme end of the west side lateral, they agree with us that it would be better to close this farm down and concentrate all pilot farm work on the Seedskadee development farm and therefore make the water supply available to other Eden project lands. When a water supply can be furnished and this land can be disposed by the Secretary of the Interior, he would have an opportunity then to recoup these same expenses, but it would all be consolidated for action by one individual; namely, the Secretary of the Interior.

Mr. DOLE. When that happens, when there is a disposition of the property by the U.S. Government, you are convinced, the Department is convinced that it can be disposed of without any loss, in other words, you will receive \$40,000 for it at that time?

Mr. LANGLEY. We would receive, I believe, equally as much as we would pay for the improvements, because the land values would appreciate in the meantime. And there is no land value involved here, only payment for improvements. While the buildings might depreciate some, the fact that the land is leveled and those costs are escalating, leads me to believe that we would essentially recoup all our costs.

Mr. DOLE. That is all.

Mr. HAGEN of California. If there is no objection, your whole statement will be part of the record.

Any questions?

Mr. MATSUNAGA. No questions.

Mr. HAGEN of California. One final question. Is this property of any value except in the event you dispose of the land by sale?

Mr. LANGLEY. The greatest value momentarily would be that in closing down the farm, we would be able to concentrate all of this additional water supply that it has taken for this farm on the rest of the project.

Mr. HAGEN of California. What is the nature of the improvements you are paying for there?

Mr. LANGLEY. There is a house on the farm. And there are some sheep sheds and cattle sheds. To the extent that these are fairly mobile, we would probably salvage these immediately and dispose

of them. We would temporarily rent the house. There is quite a demand on that end of the project for renting this house. The land leveling would stay intact. The fencing would go along with grazing leases on this land.

Mr. HAGEN of California. And then you feel that in the event of ultimate disposal, which you contemplate, by sale, that you would recover that \$40,000?

Mr. LANGLEY. Essentially all of it; yes.

Mr. HAGEN of California. Any questions?

(No response.)

Any other witnesses on this particular bill?

Mr. HEIMBURGER. I think there is one from the Department of Agriculture on this.

Mr. HAGEN of California. Ralph Wright, Assistant Director, Administrative Services, Soil Conservation Service, U.S. Department of Agriculture.

His statement will be made a part of the record at this point.

(The statement is as follows:)

STATEMENT OF RALPH C. WRIGHT, ASSISTANT DIRECTOR, ADMINISTRATIVE SERVICES DIVISION, SOIL CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, Members of the Committee: First, I would like to express my appreciation for the opportunity to appear before this subcommittee to express the position of the Department on H.R. 4429.

This Department no longer has jurisdiction of the property. The transfer of the land from this Department was effected as set forth below: This Department conveyed to the State of Wyoming by quitclaim deed dated June 6, 1962, executed pursuant to the Act of March 20, 1962, (76 Stat. 44), the real property constituting Farson Pilot Farm known as Farm Unit Number W-18, Eden Valley Project, Sweetwater County, Wyoming. The deed contains a reversionary clause which provides for the title to the lands so conveyed to the State of Wyoming to revert to and become vested in the United States of America if such lands should cease to be used in the cooperative agriculture demonstration work of the U.S. Department of Agriculture and the State of Wyoming.

The Secretary of Agriculture with the concurrence of the Secretary of Interior transferred the jurisdiction of the reversionary rights to the Secretary of Interior pursuant to the provisions of the Act of May 28, 1954, (68 Stat. 155). The reversionary rights are to the land described in the Act of March 20, 1962, and the deed dated June 6, 1962, executed pursuant to that act.

Since this Department does not have any jurisdiction of the reversionary interest in this land, it has no comment on the proposed legislation.

Mr. HAGEN of California. Are there any other witnesses on this?

(No response.)

Mr. HAGEN of California. Mr. Roncalio has submitted a statement which, if there is no objection, will also be made part of the record.

(The statement is as follows:)

STATEMENT OF HON. TENO RONCALIO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mr. Chairman, I respectfully urge the Special Subcommittee on Departmental Oversight to report favorably to the House Agricultural Committee on my bill, H.R. 4429. The bill provides for the Department of Interior to reimburse the State of Wyoming for permanent improvements made by the State on certain lands in Sweetwater County, Wyoming, when and if such lands revert to the United States.

This legislation is needed to correct earlier mistakes and to further the original intent of all parties concerned. As far as I know, there is no opposition to this bill.

In the period between 1957 and 1959, the Soil Conservation Service disposed of a number of units of land to private ownership. In 1959, the University of Wyoming obtained some funds from the State of Wyoming to set up a pilot farm. At the same time, SCS loaned one of its units to the University for this work. The University made an agreement with SCS to the effect that, when the studies were completed, the unit would be sold to private ownership. The difference between the sale price and the raw land values would go to the State of Wyoming as reimbursement for its loan to the University while SCS would receive the balance as payment for the value of the original semi-raw land.

In 1960-61, by mutual agreement between SCS and the State of Wyoming, it was felt that a simpler arrangement would be to transfer the land to the State. But the legislation that was passed (76 Stat. 44) said that as soon as the University completed its studies, the entire unit would revert to the Federal Government, improvements and all. This defeated the original intent and left the University with no way of replacing the funds it had used to improve the land. Repayment of this money is also important so that the funds may be used for work on another reclamation development in Wyoming, the Seedskaadee project.

In 1964, an agreement was worked out to transfer this unit to the Interior Department, since other SCS lands had already been transferred to Interior. With this transfer agreement, H.R. 4429 was drafted to allow the Interior Department to appraise the improvements and pay the State for them. Then the Bureau of Reclamation could complete the original plan and put the unit into private ownership.

The entire sale price would go to the Department of the Interior and would, without any doubt, significantly exceed the appraised price of the University improvements. Thus, the money advanced by Interior would be more than replaced immediately upon sale of the unit.

When the University took over the land in 1959, it was wholly unimproved. The irrigable land has been cleared of brush and field ditches have been installed. The University has leveled the land, established pastures, provided buildings, fences, utilities, stock, and all the equipment. At the time the University took it over, the appraisal value was \$10,300. Well over \$60,000 has been put into the unit since that time.

This particular unit is probably the most desirable unit in the Eden Valley. There are at least four operators who have indicated that they want to buy the unit when the University is finished. The formation of a grazing association to provide outside grazing for 15 or 20 project farmers further enhances the value. Thus, there will be no problem in disposing of this pilot farm unit at a good price when Interior puts it up for sale.

Mr. Chairman, the equities are clearly on the side of passage for this bill. It will fulfill the original intent of all parties concerned by allowing the University to be reimbursed for its improvements, which money could then be repaid to the State of Wyoming and used on other reclamation projects in Wyoming, while the Federal Government would recoup the raw land value plus the value of the improvements by completing the original plan to sell the land to private ownership. To accomplish these worthy objectives, I respectfully urge favorable action upon the bill.

#### H.R. 9147

Mr. HAGEN of California. We will now take up H.R. 9147.  
(H.R. 9147, introduced by Mr. Cooley, follows:)

[H.R. 9147, 89th Cong., 1st sess.]

A BILL To amend section 301 of title III of the Act of August 14, 1946, relating to the establishment by the Secretary of Agriculture of a national advisory committee, to provide for annual meetings of such committee

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the fifth sentence of section 301 of title III of the Act to provide for further research into basic laws and principles relating to agriculture and to improve and facilitate the marketing and distribution of agricultural products, approved August 14, 1946 (7 U.S.C. 1628), is amended to read as follows: "The committee shall meet annually and at such other times as are deemed necessary."

Mr. HAGEN of California. Mr. Starkey is here with respect to this. I haven't read your statement, Mr. Starkey. I have read the statement of the previous witness. Do you have a prepared statement?

STATEMENT OF JAMES H. STARKEY, ASSOCIATE DIRECTOR,  
FOREIGN RESEARCH AND TECHNICAL PROGRAMS DIVISION,  
AGRICULTURAL RESEARCH SERVICE, U.S. DEPARTMENT OF  
AGRICULTURE

Mr. STARKEY. I think there is a letter from the Department dated April 6, 1965.

Mr. HAGEN of California. Since we don't have a copy of your statement, proceed.

Mr. HEIMBURGER. Mr. Chairman, this bill came up from the Department of Agriculture by executive communication dated April 6, 1965. I think perhaps you do have this in front of you—at least you should have. And, of course, this is the expression of the Department, not only their approval, but of their desire to have the legislation.

Mr. HAGEN of California. That letter will also be made a part of the record at this point.

(The letter follows:)

APRIL 6, 1965.

HON. JOHN W. McCORMACK,  
*Speaker of the House of Representatives.*

DEAR MR. SPEAKER: This Department recommends enactment of the enclosed proposal "To amend Section 301 of Title III of the Act of August 14, 1946, relating to the establishment by the Secretary of Agriculture of a national advisory committee to provide for annual meetings of such committee."

The present law requires that the committee, which makes recommendations on agricultural research, meet at least once each quarter. Experience has demonstrated that four meetings a year are too many. This Department believes that an annual meeting is sufficient to accomplish the objectives of the act with the provision that the Secretary may call meetings at such other times as he deems necessary.

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

The Bureau of the Budget has no objection to the presentation of this proposed legislation from the standpoint of the Administration's program.

Sincerely yours,

ORVILLE L. FREEMAN,  
*Secretary.*

A BILL To amend Section 301 of Title III of the Act of August 14, 1946, relating to the establishment by the Secretary of Agriculture of a national advisory committee, to provide for annual meetings of such committee

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fifth sentence of Section 301 of Title III of the Act to provide for further research into basic laws and principles relating to agriculture and to improve and facilitate the marketing and distribution of agricultural products, approved August 14, 1946 (7 U.S.C. 1628), is amended to read as follows: "The committee shall meet annually and at such other times as are deemed necessary."*

Mr. HAGEN of California. You may proceed, Mr. Starkey.

Mr. STARKEY. Section 301 of title III of the act of August 14, 1946, commonly known as the Research and Marketing Act, contained a requirement that the Secretary establish a national committee to review and advise on agricultural research programs. The act also contained a mandatory provision that this committee meet four times a year. We have found through experience that four times a year is more frequent than is required for the effective functioning of the committee. So it is proposed that the mandatory requirement be revised to provide for one annual meeting a year, plus such additional meetings as may be required or called by the Secretary.

Mr. DOLE. That is all the bill does, then, is change that provision?

Mr. STARKEY. Yes, that is all it does.

Mr. HAGEN of California. Any questions?

(No response.)

Mr. HAGEN of California. Thank you very much.

Are there any other witnesses on this legislation?

There being none, we will proceed with the next bill, which Mr. Matsunaga is coauthor of.

H.R. 2066 AND H.R. 9150

Mr. Heimburger, do we have a report from the Agriculture Department?

Mr. HEIMBURGER. This also came up from the Department by executive communication with the recommendation that it be enacted.

Mr. HAGEN of California. That communication will be made a part of the record.

Mr. MATSUNAGA. For the record, may I request that H.R. 2066, having been introduced half a year earlier than H.R. 9150, be considered along with H.R. 9150? I notice the communication and testimony omit my bill, H.R. 2066, which was introduced on January 7, 1966.

Mr. HAGEN of California. Are the bills identical?

Mr. MATSUNAGA. They are identical.

Mr. HAGEN of California. We will certainly consider both of them.

Mr. MATSUNAGA. Why, after my bill was introduced a half year ahead of time, the Department then submitted its draft I don't know. But that is the situation in this case. Because I do have constituents involved in this matter, I would appreciate my bill being considered.

(H.R. 2066, introduced by Mr. Matsunaga, and H.R. 9150, introduced by Mr. Cooley, are identical bills, the text of which together with the executive communication dated April 14, 1965, follow:)

[H. R. 2066, 89th Cong., 1st sess.]

A BILL To amend the Act of August 28, 1950, enabling the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act of August 28, 1950 (ch. 815, 64 Stat. 561; 5 U.S.C. 576), "An Act to enable the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work," is amended by adding at the end thereof the following: "The term 'inspection or quarantine services relating to imports into and exports from the United States' shall include inspection, seizure, quarantine, treatment, application of other remedial measures, disposal, supervision, or certification with respect to plants, plant pests, plant products, animals, animal products, persons, means of conveyance, baggage, stores, or other products or articles moving or moved into or from the continental United States, or into or from the State of Alaska, the State of Hawaii, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States, under the plant or animal quarantine laws, plant pest legislation, or related laws intended to prevent the introduction into or dissemination from or within the United States of plant or animal pests or diseases, or other laws administered by the Department of Agriculture."

SEC. 2. This Act shall take effect on such date as the Secretary of Agriculture shall designate, but not later than six months after date of enactment.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., April 14, 1965.

Hon. JOHN W. McCORMACK,  
*Speaker of the House of Representatives.*

DEAR MR. SPEAKER: There is transmitted herewith, for consideration of the Congress, a draft of proposed legislation<sup>1</sup> to amend the Act of August 28, 1950 (ch. 815, 64 Stat. 561; 5 U.S.C. 576), the so-called "Import-Export Overtime Law" administered by this Department. The draft bill is entitled "To amend the Act of August 28, 1950, enabling the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work."

The so-called "Import-Export Overtime Law" authorizes the Secretary of Agriculture to pay employees of the Department performing inspection or quarantine services relating to imports into and exports from the United States, for all overtime, night, or holiday work performed by them at any place where such services are performed, at such rates as he may determine, and to accept from persons for whom the work is performed reimbursement for any sums paid out by him for such work.

The proposed legislation would clarify the geographic areas intended to be covered, including inspection for movements into or from the continental United States, or into or from the State of Hawaii, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States. Also, it would further define the types of inspection and quarantine services intended to be included so as to clarify the law in this respect.

The so-called "Import-Export Overtime Law" authorizes reimbursement for "inspection or quarantine services relating to imports into and exports from the United States." In many instances, overtime is involved because certain carriers, their baggage, and stores arrive outside regular hours of duty, at other than staffed ports or under other unusual circumstances. In most instances, these irregular arrivals are for the convenience or benefit of individuals or groups. Nevertheless, the authority of the Department to claim reimbursement for such overtime has at times been questioned. Accordingly, the language proposed clarifies the authority of the Department to make such charges.

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

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

Sincerely yours,

ORVILLE L. FREEMAN,  
*Secretary.*

Mr. HAGEN of California. Mr. Johnston, you may proceed.

**STATEMENT OF FRED JOHNSTON, DIRECTOR, PLANT QUARANTINE  
DIVISION, AGRICULTURAL RESEARCH SERVICE, DEPARTMENT  
OF AGRICULTURE**

Mr. JOHNSTON. Mr. Chairman.

This bill is very similar, practically identical, to H.R. 9180 which the Department had the privilege of reporting on in the 88th session of Congress, at which time we had a prepared statement supporting the bill. The present bill is very much the same. The Department's position is very much the same as it was at that time. We are in support of the bill.

Mr. JONES (again presiding). Exactly what would the bill do?

Mr. JOHNSTON. The bill would clarify the language relating to export-import inspection to define the geographical areas involved, and to clarify the meaning of the word "import" into and "export" from the United States.

Mr. HAGEN of California. Would you anticipate saving money through this bill?

<sup>1</sup> The draft of proposed legislation is identical to the bills introduced by Mr. Cooley and Mr. Matsunaga see above.

Mr. JOHNSTON. No, sir, we would not save money. The provisions of the acts provide for recovery of reimbursable expenses in carrying out quarantine activities at off-hours and at duty posts not regularly staffed.

Mr. MATSUNAGA. At least it would make certain that the Government would continue to save money by actually authorizing the charge to private individuals and firms who request this service of an agricultural inspector; isn't that correct?

Mr. JOHNSTON. That is correct.

Mr. MATSUNAGA. Presently, as the law reads, there is some uncertainty as to the authority of the Department of Agriculture to collect from these private individuals and firms and reimburse the employees of the Department of Agriculture for inspection services performed at the times outside of their regular tour of duty?

Mr. JOHNSTON. That is correct. The authority of the Department has been questioned a number of times.

Mr. MATSUNAGA. And this bill is merely to clarify that authority so that the Department may continue to do what it is now doing, on a strictly legal basis?

Mr. JOHNSTON. That is all it is, Mr. Chairman.

Mr. JONES. Any other questions?

Mr. HEIMBURGER. I would like to ask a few.

Mr. JONES. Mr. Heimburger.

Mr. HEIMBURGER. You say the bill clarifies the geographical areas intended to be covered. How does it do this? What changes does it make?

Mr. JOHNSTON. It is the old bill, I believe, that contains the term, "United States". The present bill stipulates "continental United States, or into or from the State of Alaska, the State of Hawaii, Puerto Rico, the Virgin Islands, or any territory or possession of the United States."

Mr. HEIMBURGER. In other words, instead of just the reference to importations into the United States it uses now the words, "continental United States," and all of these other areas, which you have described?

Mr. JOHNSTON. Yes.

Mr. HEIMBURGER. You say it further defines the types of inspection and quarantine service intended to be included. Now, that doesn't add any new inspections or any new quarantine authority?

Mr. JOHNSTON. No new inspections or new responsibilities.

Mr. HEIMBURGER. As I understand it, it simply relates to the authority of the Secretary to make charges for unusual inspection or quarantine services at unusual places or unusual times, is that correct?

Mr. JOHNSTON. That is correct.

Mr. HEIMBURGER. Now, when this service is performed by the Department of Agriculture at a usual time, or a usual place, is there a charge for it?

Mr. JOHNSTON. There is no charge. The Department provides service to the extent possible at ports of entry. At some ports of entry we are staffed 24 hours a day, 7 days a week. At some other ports the service may run only 16 hours, and some perhaps only 8 hours.

Mr. HEIMBURGER. And if a carrier wants to come in at times when the quarantine office is not staffed, then arrangements must be made for the special inspector, I assume, and this is when the charge accrues, is that correct?

Mr. JOHNSTON. That is correct, sir.

Mr. HEIMBURGER. Mr. Chairman, there is one other little point I would like to inquire about. I don't know whether the witness can answer it. But I am interested in section 2 of your bill, which says, "This act shall take effect on such date as the Secretary of Agriculture shall designate, but not later than 6 months after the date of enactment."

There has been a lot of discussion recently about constitutional questions. And I wonder if you believe this is a constitutional provision here, that Congress delegate to the Secretary of Agriculture the authority to determine when an act of Congress takes effect.

Mr. JOHNSTON. That I am not qualified to answer.

Mr. HEIMBURGER. Thank you.

Mr. JONES. One thing is, if you read this bill, the only thing you exclude is the State of Alaska, is that correct? Everything is covered except the State of Alaska?

Mr. JOHNSTON. Yes. Alaska is part of the continental United States. In 9180 Alaska was included, and the bill now excludes Alaska.

Mr. HAGEN of California. I notice there is going to be a statement in opposition here by Mr. Landry of the Air Transport Association. And he states in his statement that this would establish a requirement for reimbursement for inspection of commodities moving between Hawaii and the United States. Apparently that is not now the case.

Mr. JOHNSTON. There are requirements for the inspection of commodities in the carriers moving between Hawaii and the mainland; yes, sir.

Mr. HAGEN of California. Presently there are.

Mr. JOHNSTON. At the present time, yes.

Mr. HAGEN of California. How does this bill change that situation?

Mr. JOHNSTON. It would not change that situation.

Mr. HAGEN of California. I think Mr. Landry disagrees with you, according to this statement.

Mr. JOHNSTON. Under our quarantine regulations, commodities and carriers moving from Hawaii to the mainland are subject to inspection to prevent the movement of plant pests occurring in the State of Hawaii; to prevent their movement to the mainland. This bill would not change our basic requirements for quarantine surveys or quarantine inspections. The bill does provide for the payment of overtime service outside of our regular hours of duty.

Mr. HAGEN of California. This is not the case now, I take it, with respect to inspection of goods originating in Hawaii and going to California, this is not now the case that there is reimbursement.

Mr. JOHNSTON. That is not true. We are staffing Hawaii, the port, in Honolulu—most of our traffic is air traffic—we are staffing 7 days a week, 24 hours a day to cover the movement out.

Mr. HAGEN of California. But you are not collecting from the carriers presently; is that it?

Mr. JOHNSTON. We are not collecting from the carriers.

Mr. HAGEN of California. This bill would permit you to collect from the carriers for overtime; is that correct?

Mr. JOHNSTON. If overtime is provided in off-hours, in off-duty hours, yes.

Mr. HAGEN of California. And that is the whole thrust of the bill; is that right?

Mr. JOHNSTON. That is right, sir.

Mr. JONES. I can't follow this. You said you have the service 7 days a week, 24 hours a day. How do you get any overtime there?

Mr. JOHNSTON. We are not collecting overtime, sir, from the carriers at the present time. We would not under this bill necessarily start charging the carriers, because we are providing this service at the present time at no cost to the carriers. The volume of traffic moving from Hawaii is such that there is a constant demand for inspection. And we provide it.

Mr. JONES. But under this bill, if it is enacted, you could collect from the carriers; is that the whole intent of the bill?

Mr. JOHNSTON. No, sir; it is not. The service was provided at a time when we did not have an inspector on duty so that then they could request inspection on a reimbursable basis. This would not affect our movement of planes and goods from Hawaii to the mainland.

Mr. HAGEN of California. Well, what happens now if they request an inspection when you don't have men on duty?

Mr. JOHNSTON. Then we provide inspection, and they are billed for it on a reimbursable basis.

Mr. HAGEN of California. Presently they are?

Mr. JOHNSTON. Presently.

Mr. HAGEN of California. So this bill doesn't change anything?

Mr. JOHNSTON. This bill only clarifies the original bill. The request for services still must be made by the person receiving the services.

Mr. JONES. Do you understand it, Mr. Heimbürger?

Mr. HEIMBURGER. I am not sure I do, Mr. Chairman.

In other words, you present this as merely a clarification of the Department's authority to collect for overtime or unusual services of inspection which are performed at the request of the carrier. Are you doing any of that service now for which the carriers are refusing to reimburse the Department?

Mr. JOHNSTON. If they refuse to reimburse the Department, we can, if necessary, hold a carrier for inspection at the beginning of the next regular work day. This we have not had to do. We are providing overtime services on the reimbursable basis.

Mr. HEIMBURGER. Of course, you couldn't hold that particular carrier, if you go out to inspect an airplane at 2 o'clock in the morning, you don't know for sure that you are going to get paid for it until that plane is inspected and gone. What you mean is if there is a refusal to pay, the next time you would insist that it come in for inspection during regular hours of inspection?

Mr. JOHNSTON. That is correct.

Mr. POLANCO. Mr. Chairman.

Mr. JONES. Mr. Polanco.

Mr. POLANCO. Is the situation with regard to Puerto Rico the same as Hawaii?

Mr. JOHNSTON. It is the same as Hawaii. We inspect baggage and goods from Puerto Rico to the mainland as well, and from the Virgin Islands.

Mr. POLANCO. Thank you.

Mr. JONES. Mr. Matsunaga.

Mr. MATSUNAGA. To help clarify the situation. In Hawaii, now, you do have inspectors at the airport 24 hours a day, 7 days a week; is that not correct?

Mr. JOHNSTON. That is correct.

Mr. MATSUNAGA. But then your staff is limited; you have, maybe, two inspectors at the desk at all times. And for the convenience of the carriers, because of the increased traffic during certain hours, let's say, 12:30 a.m., they may request additional inspectors, maybe one or two additional inspectors over and above the normal number that you would have. And when they do this for the convenience of the carriers who are trying to please their passengers, when they request the additional one or two inspectors, this is when this act will come into play, and you would enter into an agreement that the carriers will reimburse you for the additional one or two inspectors. That is the way in which it would operate in Hawaii; would it not?

Mr. JOHNSTON. That is correct. I am sorry I didn't mention that. If the carrier would request additional service over and above what we can provide in order to get the passengers moving and cleared out a half hour earlier, then we will provide the service on a reimbursable basis. It doesn't occur too often. I believe it has occurred occasionally, when there are peaks of several thousand passengers moving out within a period of 1 or 2 hours.

Mr. HAGEN of California. May I ask a question as to that point?

Mr. JONES. Go ahead.

Mr. HAGEN of California. As I understand your statement this is a practice now, when a carrier requests special services you provide them and he reimburses you; is that correct?

Mr. JOHNSTON. That is correct.

Mr. HAGEN of California. So why the necessity for the legislation?

Mr. JOHNSTON. We were questioned at times—the Department has been questioned as to whether the Export-Import Overtime Act covered such things as baggage inspection—the original act says imports into and exports from the United States—or whether it covered the inspection of carriers, which is all part of our quarantine inspection activities.

Again the geographic area was questioned; again I believe whether it was to cover Hawaii, or also movements from Puerto Rico. So the act as it is presently set up, does clarify it. It does not change the basic authority.

Mr. MATSUNAGA. Mr. Chairman, then, actually this inspection service provided by the Department of Agriculture—I am speaking with specific reference to Hawaii now—is done for the protection particularly of California; is it not?

Mr. JOHNSTON. It is done for the protection of the whole country.

Mr. MATSUNAGA. But particularly of California?

Mr. JOHNSTON. California is, of course, the major point of entry from Hawaii.

Mr. HAGEN of California. We don't want any of those fruit flies from Hawaii in California; that is true.

Mr. MATSUNAGA. And it is true that we have on numerous occasions picked up at the airport contraband fruits such as mangoes, which carry a weevil in the seed, and we have confiscated contraband fruit at the airport destined for California, have we not?

Mr. JOHNSTON. Yes, this is a regular occurrence. Of course, California is a port of entry for travel from Hawaii, and so California is much more vulnerable than other States to the movement of insects from Hawaii.

Mr. MATSUNAGA. This may be a procedure that has saved Californians a lot of woes.

Mr. HAGEN of California. California provides most of the customers for the hotels over there, too.

Mr. JONES. Mr. Dole.

Mr. DOLE. Do the airlines favor this legislation?

Mr. JOHNSTON. I beg your pardon, sir?

Mr. DOLE. Do you know whether the airlines involved favor this legislation?

Mr. JOHNSTON. I believe the Air Transport Association will have a witness here this morning.

Mr. DOLE. Does this in effect require private industry to pay wages of Federal employees, is that what the act does?

Mr. JOHNSTON. It requires them to pay at overtime rates for the services of the employees.

Mr. DOLE. Is this done in any other industry?

Mr. JOHNSTON. It is done with other inspection agencies of the United States, notably Customs, Immigration, and so forth, the other other border clearance agencies as well.

Mr. DOLE. You mean the industry pays this overtime?

Mr. JOHNSTON. That is correct. The person receiving the services will pay for them. It may be a private importer. It may be the airline industry, or maybe the shipping industry.

Mr. DOLE. I assume the airlines operate on schedule. They don't in my State, but they may in his. I am trying to figure out the overtime. If they are scheduled airlines, people know when the planes are coming and going, and I don't understand clearly the reason for the legislation.

Mr. JOHNSTON. The airlines operate on schedule. And they also operate charter flights occasionally. And they also may have only one scheduled flight per day at a port. It may be scheduled to arrive late at night. And to put an inspector, schedule an inspector for an 8-hour tour of duty to cover the arrival of one aircraft, we have not been able to do that with the funds available. This is not practicable or wise in our opinion, to schedule an 8-hour shift for one inspector to cover one aircraft, or perhaps one vessel. So where we have continuous demand for inspector services, we will staff to the utmost of our ability to cover those.

Mr. DOLE. How much money are we talking about? What do you think the cost of this will be to the airlines?

Mr. JOHNSTON. I have no way of judging that. Our reimbursable overtime will run something over \$600,000 a year at the present time. The airline portion of that, I would say, is less than half. We have reimbursable overtime for the inspection of commodities imported into the country, such as fruits and vegetables, where they will come in on a Saturday and they will need to get them on the market by Monday. And we do overtime inspection to cover that, as well as vessels.

Perhaps the Air Transport Association would have some idea of their costs.

Mr. DOLE. The only way they can pass on any increase in cost, then, is through higher rates? Can they do that without approval of some Federal agency?

Mr. JOHNSTON. I am not qualified to answer that.

Mr. MATSUNAGA. Mr. Chairman, if the gentleman will yield, I might clarify one aspect of the operations at the airport. They do have regularly scheduled flights. But as you know, they may have a flight, say flight 100, and it happens that there may be too many passengers for one plane of flight 100, and so they have another plane, flight 100-A to accommodate the passengers. These planes would leave just about the same time, and they would leave under the same flight No. 100, or 100-A. And then to accommodate passengers of the second plane, to get them through expeditiously, that is, when they leave Hawaii for California on their return trip, that is when—

Mr. DOLE. That is not secret information, though. It is known in advance.

Mr. MATSUNAGA. It is not secret information. But this would require additional personnel at the airport to get them out in time, or at a time convenient to the passengers, which would be done for the convenience of the airlines and the passengers. And so the airlines would request at that time, say at midnight, or half past midnight, the Department of Agriculture to assign one or two additional inspectors to get the passengers through much more expeditiously than would otherwise be done.

Mr. DOLE. It wouldn't necessarily require more employees; it might require changing the schedules. Again, it is advance information; it is not something that just happens.

Mr. MATSUNAGA. Let's say you have two men on 3-hour shifts. That is six regular inspectors for a day. Well, in order to put one additional inspector on, let's say, between 4 and 12, you are going to have to call upon one of the other 4 who are off duty. And it is calling one of these, or two of these, who are off duty that would involve the additional pay.

Mr. DOLE. It is your contention that you are just doing this to help the airlines?

Mr. MATSUNAGA. That is what it is; yes.

Mr. DOLE. They don't seem to agree.

Mr. JONES. Maybe we could expedite this thing by letting the airline witness get on.

Mr. HAGEN of California. May I ask one more question?

Are we talking at all about airfreight shipments, or merely the inspection of the baggage of passengers?

Mr. JOHNSTON. Air freight shipments would be included in this.

Mr. HAGEN of California. Is that a major problem? Do you have any real problem with airfreight shipments?

Mr. JOHNSTON. Airfreight shipments, to my knowledge, have not been a major problem.

Mr. HAGEN of California. It is inspecting the luggage of passengers that poses the main problem.

Mr. JOHNSTON. Means of conveyances, and so forth.

Mr. HAGEN of California. And then you fumigate the plane, don't you?

Mr. JOHNSTON. We will spray the plane, we won't fumigate it.

Mr. JONES. Mr. Heimburger.

Mr. HEIMBURGER. Just one question.

You mentioned that this would cover service at unusual places. Does the Department staff all designated ports of entry?

Mr. JOHNSTON. No, we do not.

Mr. HEIMBURGER. Is there anything official about this port of entry designation?

Mr. JOHNSTON. International ports of entry are designated, particularly speaking of aircraft. We have more air ports of entry, I suppose, than others. And that is designated by customs as an international airport.

Mr. HEIMBURGER. The Department does not staff all designated ports of entry?

Mr. JOHNSTON. We do not. For instance, we will staff the major ports of entry throughout the country, we do. The charter flight may wish to come into St. Louis. And they may be granted permission to land one flight at St. Louis. We have no man in St. Louis. We have to cover it from Chicago. This we will occasionally do.

Mr. HEIMBURGER. Thank you very much.

Mr. JONES. Thank you, Mr. Johnston.

We will now hear from Mr. James Landry of the Air Transport Association, accompanied by Mr. James R. Gorsen. And maybe we can clear up some of these questions.

**STATEMENT OF JAMES E. LANDRY, VICE PRESIDENT, INTERNATIONAL AIR TRANSPORT ASSOCIATION OF AMERICA, ACCOMPANIED BY JAMES R. GORSEN, MANAGER OF FACILITATION**

Mr. LANDRY. Mr. Chairman, if you would bear with me, I would like to have the opportunity of reading my relatively short statement. I think it would clarify our position and a number of questions you have asked the previous witness.

Mr. JONES. It would be all right. I thought you might want to file the statement. You have been listening to this colloquy between the members and the witnesses, and I thought you might be able to clear this up.

Why don't you try to brief it as you go through.

Mr. LANDRY. Very well, Mr. Chairman.

My name is James E. Landry. I am vice president, International Air Transport Association of America. I am accompanied by Mr. James R. Gorsen, the association's manager of facilitation, who has spent a good deal of time wrestling with problems similar to the one raised by these bills before you.

The Air Transport Association represents virtually all the certificated scheduled airlines of the United States. Our member airlines affected by the provisions of this legislation would include at least three carriers serving Hawaii, one carrier serving Guam, Wake Island, and American Samoa, five carriers serving Puerto Rico, and two carriers serving the U.S. Virgin Islands. Some of those members, I should point out, represent the same carriers serving different points.

Our member airlines have a direct interest in H.R. 9150, and we therefore appreciate the opportunity to appear before this subcommittee to set forth their views.

The purpose of these bills is to enable the Secretary of Agriculture to require carriers to pay for certain domestic agriculture inspections and quarantine services involving overtime work which are now paid for by the Government. We urge the subcommittee not to approve this measure. This legislation would require additional payments by

airlines to Department of Agriculture employees who perform inspections in relation to services solely for the purpose of protecting the public interest.

I was very interested in the comment of Mr. Johnston a moment ago when he did say this protects the country as a whole. And it is not to protect the passengers of the company, but the Government and the Nation itself. And that is what taxes are paid for. And that is why we pay them.

The airlines are already compelled to pay Agriculture employees for overtime inspection and quarantine services covering air commerce imports into and exports from the United States. H. R. 9150 would interject the new principle of compelling airlines to pay also for overtime inspection of agriculture products moving in interstate commerce between Hawaii and any of the other States, and between the United States and its own territories and possessions. H. R. 2066 adds Alaska to the coverage, but is otherwise identical. Indeed, these bills in this connection possibly could be construed to apply to inspections for all interstate agricultural commerce.

In addition, there are other provisions in H. R. 9150 and H. R. 2066 which would appear to broaden present reimbursable inspection and quarantine services to include such functions as "treatment," "application of other remedial measures," "supervision," and even "disposal" \* \* \* with respect to \* \* \* persons." Many of these activities are not directly related to normal air commerce quarantine inspection services.

I would like to speak briefly on what we consider the basic issue, and that is whether a few private parties should be compelled to pay for services designed for the benefit of the general public.

Last year the U.S. airline industry paid the Department of Agriculture over \$59,000 for overtime work covering inspections in international air commerce. Based on estimates of the airlines, enactment of H. R. 9150 would at least triple these costs. The basic issue, however, is far more significant than the costs. Holding private parties responsible for the performance of governmental duties and functions—which are purely and entirely the responsibility of the Government itself—is wrong to begin with. But when the Government is conducting its business in the interest of the general public, not in the interests of just a few parties, present inspection practices covering international commerce are indefensible and wrong. The proposals in H. R. 9150 to extend these practices to domestic commerce dramatically compound this wrong. Agriculture quarantine inspection laws are designed to protect the agricultural health and economy of our country by preventing the introduction and spread of animal and plant pests and diseases harmful to livestock, pasture lands, ornamental plants, forests, crops, and consuming American public. No laws more oriented to the total general welfare and well-being of the Nation could be contrived.

The extension of a bad principle cannot make it a good principle.

H. R. 9150 would place agriculture overtime inspections of domestic commerce on a reimbursable basis by amending the act of August 28, 1950 (64 Stat. 561; 5 U.S.C. 576). The 1950 law—which covers international commerce only—was enacted on the proposition that other types of overtime inspection services for international traffic such as customs and immigration were also conducted on such a reimbursable

basis.<sup>1</sup> These other types of reimbursable inspection were bottomed on the now obsolete premise that commerce could, and ought to be discouraged on occasion. This was to protect inspection agency employees from unsatisfactory working arrangements caused by the unpredictable nature of international transportation services of another era.

Dramatic changes have occurred in trade policies, public service demands, transportation technology, commercial and labor practices, and the way both industry and Government conduct their business. Whatever the original purposes of, or need for inspection agency overtime laws—one of which originated over half a century ago, in 1911—they certainly no longer exist today. The public service functions of both private industry and Government have required the scheduled rotation of employee workshifts to cover days, nights, weekends, and holidays. We fail to understand why agriculture inspection agency employees cannot do the same. Certainly this should not be thought unreasonable. To the contrary, it is a long-established, well-accepted principle under which the Nation has enjoyed economic growth and prosperity.

H.R. 9150 should not be enacted for three main reasons:

(1) No private citizen should be called upon to pay the Government's bills for the conduct of the Government's business. Presumably he has already paid his taxes. The scheduled airlines of the United States are closely regulated to insure the fulfillment of public interest requirements. Only after appropriate findings by the Civil Aeronautics Board that their services are required by the public convenience and necessity and that such services are in the national interest, do these airlines acquire their authority. That authority represents a clear national mandate to operate regular services around the clock, day in and day out, at frequencies and at hours designed to meet both the public need and economic efficiency. The commerce of the United States should not have to be adjusted to meet the requirements of an inspection agency.

And I should add parenthetically, there is a section 404 of the Federation Aviation Act which specifically requires the carriers to provide adequate service in interstate commerce and overseas commerce.

(2) Under no circumstances should any private citizen be compelled to pay the wages of, or otherwise compensate, employees of the Federal Government. While, as a practical matter, if current Agriculture regulations are followed, we would be required to pay the Department of Agriculture \$6.84 per hour with a minimum charge of \$13.68 for the domestic inspection overtime services under either of these bills, this simply would be a reimbursement of payment up to \$5.40 an hour which would go to the agriculture employee himself, the remainder being applied to governmental administrative costs. But whatever the bookkeeping, the fact is, we would be required to pay agriculture inspection agency employees.

(3) Payment practices of the kind contemplated by H.R. 9150 cannot fail to do violence to Government personnel policies. The inherent inequity of such practices must result in Government employee problems. The civil service system itself is designed to provide for fair and equal treatment of Government employees, and for equal remuneration of Government employees, based upon the quality of

<sup>1</sup> H. Rept. 2853, 81st Cong., 2d sess., Aug. 10, 1950.

service rendered. Congress has taken particular care to establish proper and uniform levels of compensation, and changes have been made from time to time to attract and reward excellences in Government service. But being an agriculture inspector at a particular airport at a particular time is nothing more than happenstance. Surely, indifference to a practice which permits happenstance to outpace excellence when it comes to reward is not in keeping with historical notions of fair treatment.

Since the reliability and regularity of scheduled air service is well established, and since airline schedules are published sufficiently in advance to permit agriculture inspectors to predict and plan airplane workload requirements, the original intent or purpose of inspection agency reimbursable overtime laws clearly is inapplicable to scheduled airline service. Present practices and the expansion of these practices contemplated under the provisions of H.R. 9150 can be found to be proper only if it is decided that payments to government employees by a few handpicked private citizens for general welfare functions of the Federal Government is, of itself, proper.

We believe H.R. 9150 should not be enacted on the principle that the Federal Government has a responsibility to perform public interest functions when needed, and on a businesslike basis, to meet the needs of modern-day commerce.

This principle was subscribed to and endorsed as recently as last month when the Senate Commerce Committee unanimously approved legislation<sup>1</sup> to eliminate reimbursement by commercial carriers as well as by private aircraft and vessels for overtime work of the several inspection agencies, including agriculture quarantine, when such overtime if performed during regularly established hours of service whether on Sundays or Sunday nights or on holidays and holiday nights in the same manner as such services are now performed without reimbursement during weekdays, including Saturdays, or during weekday nights.

Even more appropriate, we believe, was the approach taken by the Congress in 1957 when consideration was being given to the overtime practices of the U.S. Public Health Service. Congress then found that quarantine inspection services of the Public Health Service were required in the interest of the total public welfare. The decision thereupon was made that all public health inspection and quarantine services would be provided without overtime charges for airlines whose operations were covered by published schedules.<sup>2</sup>

This principle is no less appropriate here, nine years later. For this and other reasons cited we respectfully urge the subcommittee not to approve H.R. 9150.

<sup>1</sup> S. 1596. A bill to promote the domestic and foreign commerce of the United States by modernizing practices of the Federal Government relating to the inspection of persons, merchandise, and conveyance moving into, through, and out of the United States, and for other purposes.

<sup>2</sup> Sec. 364 of the Public Health Service Act, as amended, 71 Stat. 181; 42 U.S.C. 267.

## EXHIBIT A

## SCHEDULED AIRLINE DEPARTURES FROM HAWAII AND PUERTO RICO TO U.S. CITIES

The attached scheduled departures from Hawaii and Puerto Rico to other U.S. cities serve as an illustration of the extent of regularly scheduled operations of member airlines of the Air Transport Association which would be affected by H.R. 9150. The data is based on flights scheduled during August 1966.

## ABBREVIATIONS

## Airlines

- CB—Caribbean-Atlantic Airlines, Inc.  
 DL—Delta Air Lines, Inc.  
 EA—Eastern Airlines, Inc.  
 NW—Northwest Airlines, Inc.  
 PA—Pan American World Airways, Inc.  
 TC—Trans Caribbean Airways, Inc.  
 UA—United Air Lines, Inc.

*Airport: Puerto Rico International Airport, San Juan, Puerto Rico, Departures, August 1966*

Airline and flight number	Times and frequency	U.S. destination
PA-298	12:30 a.m., Monday, Tuesday, and Sunday	New York City.
CB-100	6:30 a.m., daily	St. Thomas.
CB-150	7 a.m., except Sunday	St. Croix.
CB-300	7:15 a.m., daily	St. Thomas.
TC-100	7:30 a.m., daily	New York City.
PA-290	7:30 a.m., except Saturday and Sunday	Do.
CB-302	7:30 a.m., daily	St. Thomas.
EA-950	8 a.m., daily	Miami.
PA-290	8:30 a.m., Saturday and Sunday	New York City.
CB-306	8:30 a.m., daily	St. Thomas.
EA-920	9 a.m., except Wednesday and Sunday	New York City.
CB-312	9 a.m., daily	St. Thomas.
CB-314	9:15 a.m., except Sunday	Do.
CB-112	9:30 a.m., daily	Do.
EA-932	9:30 a.m., Sunday	New York City.
PA-280	9:30 a.m., except Tuesday, Wednesday, and Thursday	Do.
DL-851	9:45 a.m., Sunday	New Orleans.
DL-859	9:45 a.m., Tuesday and Thursday	Do.
CB-318	10:30 a.m., daily	St. Thomas.
CB-324	10:45 a.m., daily	Do.
EA-930	11:15 a.m., Sunday	New York City.
CB-328	11:15 a.m., daily	St. Thomas.
EA-960	11:30 a.m., Saturday	New York City.
PA-292	11:30 a.m., daily	Do.
PA-452	11:45 a.m., daily	Miami.
CB-152	12 p.m., daily	St. Croix.
EA-962	12:15 p.m., Saturday and Sunday	New York City.
CB-336	12:15 p.m., except Sunday	St. Thomas.
CB-114	12:30 p.m., daily	Do.
EA-924	1 p.m., daily	New York City.
CB-340	1 p.m., except Sunday	St. Thomas.
PA-294	1 p.m. daily	New York City.
TC-104	1:05 p.m. daily	Do.
PA-456	1:30 p.m. daily	Miami.
PA-282	2 p.m. Friday, Saturday, Sunday	New York City.
EA-938	2:10 p.m. daily	Do.
EA-942	2:20 p.m. daily	Do.
CB-154	2:30 p.m. daily	St. Croix.
CB-354	2:45 p.m. daily	St. Thomas.
EA-952	3:25 p.m. daily	Miami.
PA-212	3:30 p.m. daily	New York City.
CB-360	do	St. Thomas.
PA-216	4 p.m. daily	Baltimore.
EA-934	4 p.m. Saturday	New York City.
CB-366	4:15 p.m. daily	St. Thomas.
PA-274	4:30 p.m. Saturday and Sunday	New York City.
CB-118	4:30 p.m. daily	St. Thomas.
CB-368	4:45 p.m. except Sunday	Do.
TC-108	5 p.m. except Monday and Friday	New York City.
CB-382	5:15 p.m. daily	St. Thomas.
PA-272	6 p.m. except Tuesday, Wednesday, and Thursday	New York City.
EA-946	6:05 p.m. daily	Baltimore.
CB-386	6:15 p.m. daily	St. Thomas.

*Airport: Puerto Rico International Airport, San Juan, Puerto Rico, Departures, August 1966—Continued*

Airline and flight number	Times and frequency	U.S. destination
PA-442	6:30 p.m. Wednesday	Miami.
CB-160	6:30 p.m. daily	St. Croix.
EA-926	6:45 p.m. daily	New York City.
PA-296	7 p.m. daily	Do.
CB-388	7 p.m. except Sunday	St. Thomas.
PA-451	7:15 p.m. except Monday, Wednesday, and Friday	St. Croix.
CB-390	7:30 p.m. daily	St. Thomas.
CB-394	8 p.m. daily	Do.
EA-936	8:15 p.m. Saturday	New York City.
TC-208	9 p.m. Monday and Friday	Do.
PA-286	9 p.m. Friday, Saturday, and Sunday	Do.
PA-454	9:30 p.m. daily	Miami.
EA-958	9:50 p.m. Friday, Saturday, and Sunday	Do.
EA-964	10:30 p.m. Saturday	New York City.
TC-116	10:35 p.m. except Tuesday and Thursday	Do.
EA-928	11:30 p.m. daily	Do.

*Airport: Honolulu International Airport, Honolulu, Hawaii, departures, August 1966 schedules*

Airline and flight No.	Times and frequency	U.S. destination
UA-196	1:15 a.m. daily	Los Angeles.
UA-180	9 a.m. daily	San Francisco.
PA-822	do.	Los Angeles.
PA-842	9:30 a.m. daily	San Francisco.
UA-190	do.	Los Angeles.
PA-812	10 a.m. daily	Do.
UA-200	11:50 a.m. daily	Do.
PA-2	12 m. daily	San Francisco.
UA-182	12:20 p.m. daily	Do.
PA-814	12:45 p.m. daily	Los Angeles.
UA-58	12:50 p.m. daily	Do.
PA-892	1 p.m. daily	Portland, Oreg.
UA-192	1:30 p.m. daily	Los Angeles.
NW-42	2 p.m., except Monday and Tuesday	Portland, Oreg.
PA-826	2 p.m. daily	Los Angeles.
UA-36	2 p.m. daily	San Francisco.
CP-322	2 p.m. Saturday	Vancouver.
UA-16	2:30 p.m. daily	Los Angeles.
PA-836	2:30 p.m. Friday, Saturday, and Sunday	San Francisco.
PA-820	3 p.m. Friday, Saturday, and Sunday	Los Angeles.
PA-818	4 p.m. daily	Do.
UA-184	4:30 p.m. daily	San Francisco.
UA-194	5:05 p.m. daily	Los Angeles.
UA-186	9:30 p.m. daily	San Francisco.
NW-16	10:15 p.m. daily	Seattle.
PA-894	10:15 p.m. Friday and Saturday	Do.
UA-188	10:20 p.m. daily	San Francisco.
PA-824	10:30 p.m. daily	Los Angeles.
UA-100	10:50 p.m. daily	Do.
PA-838	11 p.m. daily	San Francisco.
PA-828	11:30 p.m. daily	Los Angeles.
UA-198	do.	Do.
CP-322	11:55 p.m. Friday and Sunday	Vancouver.
PA-384	11:59 p.m. daily	San Francisco.

## EXHIBIT B

*Present reimbursable premium pay provisions for agriculture inspectional personnel under existing statute and regulations which would be extended to cover domestic commerce under H.R. 9150*

<i>Premium pay provisions</i>	<i>Department of Agriculture, inspection and quarantine import-export<sup>1</sup></i>
Overtime pay:	
Definition of an over-time period.	Duty between 6 p.m. and 6 a.m. on weekdays, other than holidays, if such duty does not fall within a regular tour of duty of the employee. <sup>2</sup>
Overtime rate-----	1½ times the employee's rate of basic compensation not to exceed the minimum scheduled rate of GS-9.
Limitation on overtime pay.	Overtime plus base pay for any pay period not to exceed the maximum step of GS-15.
Call-back assignments--	Minimum of 2 hours, including commuted travel time period for which the employee shall be paid at the overtime rate. <sup>3</sup>
Compensatory time off.	Not allowed. Overtime must be paid.
Holiday pay-----	Holiday rate under Federal Employees Pay Act, as amended.
Rate for overtime holiday duty.	1½ times the regular rate not to exceed the minimum scheduled rate of GS-9.
Call-back assignments--	Minimum of 2 hours, including commuted travel time period for which the employee shall be paid at the overtime rate. <sup>3</sup>
Sunday pay:	
Premium rate for non-overtime Sunday duty.	Part of administrative work week—No premium pay.
Rate for overtime Sunday duty.	1½ times the regular rate, not to exceed the minimum rate of GS-9.
Call-back assignments--	Minimum of 2 hours, including travel time periods for which the employee shall be paid at the overtime rate. <sup>3</sup>

<sup>1</sup> Overtime payments are based on the Federal Employees Pay Act and on the basic legislation contained in the act of August 28, 1950 (64 Stat. 561, 5 U.S.C. 576).

<sup>2</sup> Work between the corresponding hours at ports or stations where the regular hours of business have been established to agree with local prevailing working hours.

<sup>3</sup> When travel is performed solely on account of overtime or holiday service, a commuted travel time period shall be allowed which shall be paid for at the overtime rate, and shall be prescribed in administrative instructions issued by appropriate division directors for the ports, stations, and area in which the employees are located or the services performed. The period shall be established as nearly as may be practicable to cover the time necessarily spent in reporting to and returning from the place at which employees perform such holiday or overtime service.

Source: An evaluation of: Mission, organization, management, December 1964, Bureau of Customs, Treasury Department.

Mr. JONES. You have made a pretty clear statement.

Any questions?

Mr. MATSUNAGA. Mr. Landry, are you familiar with the meat inspection program of the Department of Agriculture?

Mr. LANDRY. To some extent; yes, sir. And Mr. Gorsen, who is with me, has worked quite closely with that.

Mr. MATSUNAGA. You then know, of course, that the meatpackers pay for the inspection done by the agricultural meat inspectors?

Mr. LANDRY. Yes, sir.

Mr. MATSUNAGA. And then, of course, this inspection service is done purely for the protection of the health of the public?

Mr. LANDRY. Yes, sir.

Mr. MATSUNAGA. So that your statement that whenever we hold private parties responsible for the performance of Government duties and functions which are purely the responsibility of the Government itself, it is wrong, would not necessarily be true, as in the case of meat inspection?

Mr. LANDRY. We do consider this a bad principle, sir, where the airlines are required by law to have this particular traffic inspected for the good of the Nation as a whole, for the airlines then to be required to reimburse the Government employees involved. This whole concept was conceived in an era when the future significance of transportation and air commerce to our Nation's economy was not really visualized. It was born in 1911, sir. And as I pointed out a moment ago, the Senate Commerce Committee just last month did think that it was not fit for this era.

Mr. MATSUNAGA. Of course, you believe that the Government expenditures and cost should be kept to the minimum; do you not?

Mr. LANDRY. Yes, sir.

Mr. MATSUNAGA. That being the case, the bills now before the committee are intended not to increase the costs upon the carriers, but merely to clarify what is now in practice, that is, for the convenience of the carriers, even in the case of Hawaii, where, as I earlier pointed out, when air carriers feel that the usual number of inspectors would not be sufficient or adequate to handle the increased volume of traffic flow at a particular time, they do request of the Agriculture Department the assignment of additional inspectors. And my concern has been for the inspectors who would have had questions raised as to whether they would be paid, or not, for the additional work. Normally they would not have to put in overtime. But when, for the convenience of the air carrier they are called back to work and they do go back to work, under the present system, they are being paid through reimbursements received by the Department of Agriculture for the purpose of paying them. But then, because of the legal question raised as to whether they are being properly paid out of reimbursements from the private carriers, they would like this matter clarified. So that the bills before us do not change the present practice at all. They do not intend to add any additional burdens on the private carriers. The bill merely clarifies a present law to legalize a present practice, and nothing more, and I fail to see why you are fearful that this will impose additional burdens upon the air carriers. As it was testified to here by Mr. Johnston it is purely to clarify an existing law and not to add any more operational factors or costs either to the Government or to private carriers.

Mr. LANDRY. If I may say just a couple of words, and then let Mr. Gorsen add his thoughts on that, our understanding of it is that the present law applies only to material moving in international commerce. This would extend it to interstate commerce.

I believe that Mr. Gorsen has something to say on that.

Mr. GORSEN. That is true. As Mr. Johnston testified, this bill may not cost the carriers a lot of money; that is, if they maintain their present schedules. But the airlines would be at the complete mercy of the Department of Agriculture for any services performed between the hours of 6 p.m. and 6 a.m., if they so wished not to establish regularly scheduled tours of duty, and also for holidays. This would cost the airlines considerable amounts of money. Again, Mr. Chairman, that is not really the basic issues we have mentioned. The basic issue is whether or not a private party should pay for Federal functions which are solely the responsibility of the Government.

Mr. DOLE. Will the gentleman yield at this point?

Do you have any suggestive language to amend the bill to satisfy your present objection?

Mr. GORSEN. Again, Mr. Chairman, the law that we think that is ideal in this regard is the 1957 public health law, which permits free services, inspection services, foreign quarantine inspection services of the U.S. Public Health Service for any airline covered by published schedules.

Mr. LANDRY. If I may add just one thought on that, sir, this concept was born many years ago at a time when it was considered necessary because of unsatisfactory working arrangements caused by the unpredictable nature of international transportation services then being operated. And on page 4 of exhibit A attached to your testimony, for example, we have a complete list of the schedules for services departing from Hawaii for the United States. And we have it for Puerto Rico on pages 2 and 3. But we are talking here about very precisely scheduled aircraft departures.

Mr. DOLE. In other words, you are saying that 16 years later, because of the improved service and improved scheduling, that the 1950 act is no longer necessary?

Mr. LANDRY. We think it is possible to have an appropriate rotation of shifts to cover the schedules which are announced well in advance. We can't operate by happenstance ourselves. We have to announce our schedules well in advance, as you know.

Mr. DOLE. Do you have any record of how many actual instances there are in which they have had to put on a shift for the convenience of the airlines? This is what Mr. Matsunaga indicates, it is all for your convenience. How many times have you been accommodated?

Mr. LANDRY. I do not know. Perhaps Mr. Gorsen might have an idea. Or we could check it.

Mr. GORSEN. Under the terms of the 1950 law, all operations on holidays are at our convenience.

I would like to say one thing, too, Mr. Chairman, if I may. It would be remiss of us not to point out and applaud the Department of Agriculture inspectors and commend them for their experience and their operations and their devotion to their jobs. Our testimony here, of course, in no way reflects upon their operations in their conduct of their business, but merely to the legislation covering reimbursement.

Mr. LANDRY. I would certainly want to endorse Mr. Gorsen's statement.

Mr. DOLE. You talked about the example where we had flight 100 and flight 100-A. I assume that happens quite frequently. But it is generally known in advance. I don't know how far in advance, but at least that information is available to the USDA or anyone so that they can properly rotate and schedule their employees?

Mr. LANDRY. Yes, sir. We have to get approval for such schedules in advance from the Federal Aviation authorities and other airport authorities just to get clearance.

Mr. DOLE. How much advance notice is there? Is there any general average time, a week or two weeks?

Mr. LANDRY. I am not certain of that, sir. But I would be happy to check on it and submit a letter for the record, if you would like.

Mr. GORSEN. If I might add to Mr. Landry's comments, this would be the exception, sir, rather than the rule.

Mr. DOLE. That is what I am trying to find out, is how many times you had the exception made to accommodate the airline that couldn't have been taken care of by proper scheduling in advance.

Mr. LANDRY. This would be a great number of times, obviously, for a transportation such as Honolulu. But it would happen rarely if ever at a great many other points that would be covered by this bill.

Mr. GORSEN. Mr. Chairman, if I may, the airlines would not object to reimbursing services for other than published schedules, as we have mentioned.

Mr. MATSUNAGA. Will the gentleman yield?

Mr. DOLE. Yes.

Mr. MATSUNAGA. You refer to the example given by me earlier of flights 100 and 100-A taking out of Honolulu passengers at the scheduled times unexpected. You say this rarely happens, these are exceptions to the rule, right?

Mr. GORSEN. Yes, sir.

Mr. MATSUNAGA. So that actually we are dealing here with the exceptions rather than the rule. You have a regular schedule, and in accordance with your regular schedule, the Department of Agriculture assigns the required number of personnel. But it is only in the instances of exceptions to the general rule that you request the Department of Agriculture to put on additional inspectors for the convenience of the passengers, so that they would be processed more expeditiously. If you don't do that, you will get passenger complaints and they will wait too long in line. But if you don't mind complaints from the passengers, the Department of Agriculture will have its personnel there to do the inspection work. The only thing is, it may take twice as long for the regularly assigned inspectors to do the work. Is this not the case?

Mr. GORSEN. Yes, Mr. Matsunaga. That is true in practice. Again, as I mentioned earlier, we would still be at the mercy of the Department of Agriculture, because under their present regulations overtime is defined as any service between 6 p.m. and 6 a.m. on weekdays other than holidays, if such duty does not fall within the regular tour of duty of employees. Now, if they have regularly established tours of duty, say, from 6 a.m. to midnight, that is fine. But that is not mandatory.

Mr. MATSUNAGA. It has cost the private carriers, according to your testimony, Mr. Landry, \$59,000 per year. Now, if we were to take the exceptions and consider these exceptions as part of your regular schedule, and put on the additional personnel required to be there to meet these exceptions, I would estimate that the cost would be far in excess of \$59,000 a year. Would you not agree to that?

Mr. LANDRY. Our feeling is, sir, that the exceptions, which also cover holidays, and in most airports all the time from 6 p.m. until 6 a.m.—this is not true of Honolulu, as you pointed out—that these exceptions would not occur too frequently, but are typical of a service that is required by the public convenience and necessity. I would say that if the airlines were to pull out their holiday service or take away all service from 6 p.m. until 6 a.m., they would be subject to very appropriate complaints from all the communities involved under section 404 of the Federal Aviation Act on inadequacy of service grounds. I would expect such complaints, and I would think they would be appropriate.

Mr. MATSUNAGA. I agree with you. But as was testified to by a representative of the Department of Agriculture, Mr. Johnston, these bills here before you are not intended to change the present practice or the present scheduling at all, they are merely to clarify the present law so that the Department of Agriculture can do what it is now doing without any question of illegality. So that if the passage of these bills, or just one of them, of course, will mean the imposition of additional burdens upon the airlines, then you can come back to us and say, "Well, the Department of Agriculture lied to you," and we will take appropriate action at that time. But giving the benefit of the doubt to the Department of Agriculture, I am inclined to feel that they are speaking the truth, that this will not mean any additional burdens upon either you, or the private carriers, or upon the Government. It is merely to clarify the law so that they can do what they are now presently doing without any doubt as to the legality of what they are doing.

Mr. LANDRY. Sir, there is no question but what the Department of Agriculture is presently providing this service. They are providing excellent service. The only question is whether it is presently reimbursable by the airlines. It is reimbursable under the terms of the present law for material moving in foreign commerce, but not for material moving in interstate or interterritorial commerce.

Mr. MATSUNAGA. This may be so. But you heard the testimony of Mr. Johnston. It is merely to clarify the law.

Mr. HAGEN of California. I think it is implicit in the testimony of Mr. Johnston that you are presently requiring these inspections of passengers originating in Hawaii or Puerto Rico and returning to the mainland; aren't you?

Mr. JOHNSTON. Yes; we are, Mr. Chairman. Under the quarantine inspections the baggage and goods moving from the islands must be inspected.

Mr. HAGEN of California. And you are making collections from the airlines for those inspections where they occur at odd hours, and so forth?

Mr. JOHNSTON. When they occur at odd hours, or particularly in the case of Hawaii for augmented service, where they would wish to move their passengers out in a shorter period of time than they would be with our inspectors who are normally assigned to duty.

Mr. HAGEN of California. Do you attempt to get any reimbursement on holidays?

I guess the definition of "holidays" is contained in the Federal statute.

Mr. JOHNSTON. It is, sir. However, inspectors are scheduled 40 hours per week. If the holiday falls within their 40-hour scheduled workweek, the Government pays their holiday pay. If we call an inspector in to cover an unusual requirement or a place where we are not staffed, then the person receiving service would reimburse the Government.

Mr. HAGEN of California. Well, you are collecting, then, for every holiday departure, you are reimbursed by the carrier; is that correct?

Mr. JOHNSTON. No, sir; we are not. When the inspector is on duty on the holiday as part of his regular scheduled workweek, we are not paid.

Mr. HAGEN of California. And that wouldn't be changed by this bill at all?

Mr. JOHNSTON. It would not, sir.

Mr. HAGEN of California. I would like to ask Mr. Landry a question. Do you agree with Mr. Johnston's statement of the present practice?

Mr. LANDRY. I think Mr. Gorsen could speak more precisely on the present practice.

Mr. GORSEN. I am not entirely sure, Mr. Chairman. But my understanding is that the airlines do reimburse the Department of Agriculture for all services performed on holidays.

Mr. HAGEN of California. That is what he said. He said where there is an inspector regularly on duty on the holiday you are not charged.

Mr. GORSEN. My understanding is that we are, sir. But I could be wrong. I know that is true in the case of the other inspection agencies, customs and immigration. So I assume it is also true in the case of agriculture, inasmuch as the Government has to pay the employee for—has to reimburse the employee for overtime for holiday work, and under the provisions of the 1950 law they are allowed to come to us for reimbursement of this service. My understanding is that we do pay for it on holidays. You will see in exhibit B all the overtime reimbursable work that the Agriculture inspection employees are entitled to. And this is what would in effect be transferred over to the airlines.

Mr. HAGEN of California. Now, let's take this case that was cited, say, a plane originated in Hawaii, a charter landing in St. Louis. They don't normally have an inspector there. Do you think the Government ought to provide that service to this charter airplane? They might have to send a guy down from Chicago.

Mr. GORSEN. No, Mr. Chairman. As we mentioned in our statement at the very end, we'd be pleased to provide reimbursement for any services other than published, regularly scheduled service. This would, of course, include charters or extra sections.

Mr. HAGEN of California. That leads me to the other question. This would really have more effect on unscheduled airlines—as Mr. Matsunaga has pointed out, this wouldn't change present procedure; the practice is there now; we are just trying to legalize it a little more but if it had any effect at all, it would have more effect on the unscheduled airlines, and charter flights, than on scheduled airlines.

Mr. GORSEN. I think it would be exactly the same for domestic commerce. We pay \$59,000 a year now for agricultural inspection international. Under the terms of this bill we will be obligated to pay for domestic commerce in exactly the same way.

Mr. HAGEN of California. Well, they are presently charging for domestic commerce between Hawaii and Puerto Rico, at least—I don't think they contemplate inspections on traffic between other States of the continental United States, and the bill does not so provide.

Mr. GORSEN. That is true.

Mr. HAGEN of California. The bill doesn't provide that.

Mr. JONES. It doesn't say it can't.

Mr. HAGEN of California. Yes; it does. I think it is pretty clear on that. It says, "articles moving into or from the continental United States or into or from the States of Alaska, Hawaii, Puerto Rico, or the Virgin Islands, or any other territory." I don't think this contemplates or provides for inspection between any other parts of the United States.

Mr. GORSEN. That is our understanding hopefully, too, Mr. Chairman. In other words, this would cover traffic between the Virgin Islands, the United States, San Juan and the United States, San Juan and the Virgin Islands, Hawaii and the United States, and also it could include traffic going in the other direction.

Mr. MATSUNAGA. That is presently covered, is it not?

Mr. GORSEN. On a nonreimbursable basis by the airlines.

Mr. HAGEN of California. Now, really you would like to abolish this reimbursability with respect to all the traffic, international, as well as between Hawaii and the United States, isn't that correct?

Mr. LANDRY. That is true.

Mr. HAGEN of California. That is the main argument made.

Mr. LANDRY. That is not what we are here for today.

Mr. HAGEN of California. Right.

You make reference on page 7 in your statement to a Senate Commerce Committee bill. Now, that bill hasn't become law, has it?

Mr. LANDRY. No, sir.

Mr. HAGEN of California. And if it does, we are engaging in an idle act here, isn't that true?

Mr. LANDRY. Yes, sir.

Mr. HAGEN of California. Where is that bill, by the way? Has it passed the Senate?

Mr. LANDRY. It has not yet passed the Senate.

Mr. GORSEN. It was reported out favorably on July 26.

Mr. HAGEN of California. What are its prospects?

Mr. GORSEN. Its prospects could—and this is an assumption, connected—for enactment by the Senate are very good. It still has to go through the House, of course.

Mr. HAGEN of California. We are trying to clarify a situation within the context of the present law. I understand you support this Senate Commerce Committee action. But if that were to become the law, this bill here would become academic. But in the absence of that favorable action, this bill has a great value as far as clearly legalizing what the Agriculture Department is already doing.

Mr. GORSEN. Yes, sir. I am not sure what happens, because the Senate bill starts out with the words, "Notwithstanding any other law."

Mr. HAGEN of California. Let me ask you one final question. How long have these charges been in effect, this \$59,000? Is that an average annual figure?

Mr. GORSEN. That is an average annual figure.

That has been in effect since the 1950 law. Actually the airlines in the last 10 years for all inspection service they paid over \$11 million.

Mr. HAGEN of California. And you have been paying these charges since 1950?

Mr. GORSEN. In the case of Agriculture and Customs since 1950. In the case of Public Health it was eliminated in 1957.

Mr. HAGEN of California. These expenses are part of your rate structure when you go to the CAB, or whatever it is, that these charges that you have been paying are reflected in your application, is that correct?

Mr. LANDRY. That would be true, sir. And on the other hand, again we go back to our basic argument that we feel this is a bad principle. We have been fighting this principle—

Mr. HAGEN of California. I am not arguing the principle with you. But you have lived with these charges, and they are reflected in your rate structure, your applications for changes in rates, and so forth.

Mr. LANDRY. We have lived with them, and we have fought them, more recently with at least a small degree of success. And we hope that this bad principle can be abolished. This would extend that principle.

Mr. HAGEN of California. Let me ask you this. In the event that the Senate legislation passes and becomes law, and these charges are abolished, do you propose to lower the passenger rates accordingly?

Mr. LANDRY. We are a very closely regulated industry, sir, as you well know. And I think that the Civil Aeronautics Board watches us very closely.

Mr. HAGEN of California. Of course, these charges are probably de minimis in terms of determining what your rates should be.

Mr. LANDRY. Sir, we do not argue that the cost here is our main problem. It is the principle, and not the cost.

Mr. JONES. Mr. Heimbürger.

Mr. HEIMBURGER. Mr. Chairman, I would just like to follow up on this question that Mr. Hagen brought up.

Certainly the principle of the law is to protect the interests of the whole United States and satisfy plant and animal quarantine requirements. But you can bring your airlines in and have them inspected for nothing, can't you, if you bring them in at regular hours in a staffed airport? And, therefore, if you decide to bring one in at an unstaffed airport, or at an hour when you know the free inspection isn't available, whose benefit is this for? It seems to me it is for the benefit and convenience of the carrier and the passengers on board. And I just don't understand where you get the idea—and this is a subject that Mr. Hagen has pretty thoroughly covered—on page 2 of your statement you say:

H.R. 9150 would interject the new principle of compelling the airlines to pay also for overtime inspections of agricultural products moving in interstate commerce between Hawaii and any other States, and between the United States and its own territories and possessions.

Now, as I understand it, this is not a new principle, that this is a practice at the present time; is that not correct?

Mr. LANDRY. We think that it is not.

Mr. HEIMBURGER. You do not now pay overtime where necessary under the circumstances for planes coming in from Hawaii or Puerto Rico?

Mr. LANDRY. As we understand it, we pay for material—for inspection of material moving in foreign commerce but not in interstate commerce.

Mr. HEIMBURGER. You are avoiding my question. Do you now pay this overtime rate for unusual inspections on planes coming in from Puerto Rico?

Mr. GORSEN. If I may answer that; we pay no moneys at all in this case that you mentioned.

Mr. HEIMBURGER. There is no charge for unusual inspections of planes coming in from Puerto Rico?

Mr. GORSEN. For no operations.

Mr. HEIMBURGER. Nor from Hawaii?

Mr. GORSEN. Nor from Hawaii, nor the Virgin Islands.

Mr. JONES. Mr. Johnston, do you agree with that statement?

Mr. JOHNSTON. May I comment on that, please?

There have been occasions where movement from Puerto Rico of an aircraft has been done under reimbursable overtime arrangements. And it is done in Hawaii. And in neither case is a very large amount of money involved, but it is done in both cases.

This was one of the questions that was raised, as to the legality of the Import-Export Overtime Act, which had to do with movement from Puerto Rico to the mainland, whether the service could be provided under that act.

Mr. MATSUNAGA. Mr. Chairman, I am inclined to agree with Mr. Johnston on that. I would not have introduced the bill otherwise.

And, Mr. Gorsen, I think you had better check the facts on that with your principals, because payments have been made on a reimbursable basis over in Hawaii. And because of this the question has arisen in connection with agricultural employees in Hawaii. And it is for that reason that I introduced my bill. I think you are wrong on that.

Mr. GORSEN. I will have to agree with you, Mr. Chairman.

Maybe I should clarify it to this extent, to say that airplanes have paid for special services between Hawaii and the mainland. Some time ago bills were sent to the airlines. However, upon reading the law, the 1950 law, we decided that they were not authorized to bill us, and ever since then we have not paid. But the 1950 law very clearly states that the Secretary of Agriculture is authorized to pay employees of the U.S. Department of Agriculture for inspections relating to imports into or exports from the United States. And we do not consider traffic between the United States and its territories and Hawaii as exports or imports.

Mr. LANDRY. Or between Hawaii and the mainland.

Mr. MATSUNAGA. It was for this reason that this bill was introduced. It is because this question has been raised that we now find it to be necessary to clarify the law. So that these Federal employees, the agricultural inspectors, can expect to be paid for the work they put in. If they are ordered back to work, and if they find that they are not going to be paid, and the Department of Agriculture finds that they are not going to be able to pay their inspectors for additional work, they are not going to put them to work. And the workers don't have to go to work. And the airlines will merely be inconvenienced. But because the airlines would like to continue to enjoy this convenience, we want the law to be clarified, so that we can afford this convenience to the airlines. That is all this is. It is for the convenience of the airlines, to continue what we are doing right now, the legality of which has been questioned.

Mr. LANDRY. Sir, I think the difference of opinion arises—we think it is not for the convenience of the airlines, but rather for the good of the Nation as a whole, and for the encouragement of the commerce of the United States.

Mr. MATSUNAGA. That is another principle. But the bills before us do not raise that question. They merely legalize what is now in practice. And I think your bill—not your bill, but the bill which was approved by the Senate committee, of the Senate Commerce Committee, would involve that principle. And I may be inclined to

support that bill. But right now all we are trying to do is clarify the law so that the present practices will not be under legal question as they are now.

Mr. JONES. Are there any further questions?

If not, thank you, gentlemen.

We have one other bill.

Mr. MATSUNAGA. Mr. Chairman, while we are on this bill, may I submit for the record my statement to be included in the record at this point?

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

(The statement is as follows:)

STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF HAWAII

Mr. Chairman and members of the Subcommittee, I thank you for this opportunity to testify in support of my bill, H. R. 2066, which would amend the Act of August 28, 1950 (ch. 815, 64 Stat. 561; 5 U.S.C. 576), the so-called "Import-Export Overtime Law," to enable the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work. My bill is identical with Chairman Harold D. Cooley's H. R. 9150.

The Secretary of Agriculture is authorized under existing law to pay employees of his Department performing inspection or quarantine services relating to imports into and exports from the United States, for all overtime, night, or holiday work performed by them at any place where such services are performed, at such rates as he may determine, and to accept from persons for whom the work is performed, reimbursement for any sums paid out by him for such work.

The proposed amendment is in the nature of an addendum which defines the types of inspection and quarantine services intended to be included in the present law and clarifies the geographic areas intended to be encompassed, including inspection for movements into or from the continental United States, or into or from the State of Alaska, the State of Hawaii, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States.

In the administration of the so-called "Import-Export Overtime Law," the Department has found that overtime is frequently involved in the performance of inspection and quarantine services because certain carriers, their baggage, and stores arrive outside of regular hours of duty, at other than staffed ports or under other unusual circumstances. In many instances, these irregular arrivals are for the convenience or benefit of individuals or groups. Nevertheless, the authority of the Department to claim reimbursement for such overtime has at times been questioned. The language in my bill would clarify the authority of the Department of Agriculture to make such charges and promote the orderly administration of the Import-Export Overtime Law. The agricultural inspectors too would benefit by the removal of any uncertainty as to his being properly paid for overtime work.

I respectfully urge that this Subcommittee give favorable consideration to H. R. 2066.

Thank you.

H. R. 5934

Mr. JONES. The next bill we would like to take up is H. R. 5934. (H. R. 5934, introduced by Mr. Jones of Missouri, follows:)

[H. R. 5934, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to provide uniform provisions for crop liens, interest on unpaid marketing quota penalties and the persons liable for such penalties for all commodities for which a marketing quota program is in effect

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection 372(b) of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"SEC. 372. (b) The person(s) liable for the payment or collection of any penalty provided for in subtitle B shall be liable also for interest thereon at the rate of 6 per centum per annum from the date the penalty becomes due until the

date of payment and such penalty and interest shall be collected and paid in such manner, at such times, and under such conditions as the Secretary made by regulations prescribe. Such penalty and interest shall be remitted to the Secretary by the person liable for the penalty; except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty and interest: *Provided*, That in any event, all persons entitled to share in the crop of the commodity on which the penalty was incurred or in the proceeds thereof shall be jointly and severally liable, together with any person required to collect such penalty, for the full amount of the penalty and interest until paid. All such penalties and interest shall be covered into the general fund of the Treasury of the United States."

SEC. 2. The Agricultural Adjustment Act of 1938, as amended, is amended by adding to subtitle C a new section 379 to read as follows:

"CROP LIENS FOR UNPAID PENALTIES

"SEC. 379. Until the amount of any penalty provided in subtitle B and interest thereon is paid, or in the case of wheat or rice, the farm marketing excess of the commodity, pursuant to regulations issued by the Secretary, is stored or delivered to the Secretary to avoid or postpone payment of the penalty and interest, all of the crop of the commodity with respect to which the penalty is incurred shall be subject to the penalty and interest and a lien on such crop, and, to the extent the person(s) liable for the payment of the penalty have an interest therein, on any subsequent crop of the commodity subject to marketing quotas shall be in effect in favor of the United States. Such lien shall take precedence over any other lien of any nature on the crop on which the penalty was incurred and as to subsequent crops subject to marketing quotas shall have priority as of the time the debt secured is entered on a listing of such debts in the office of the committee elected under section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for the county in which the subsequent crop is grown, which listing shall be available for examination upon written request by any interested person. Any lien acquired under prior provisions of law shall remain in full force and effect."

SEC. 3. Public Law 74, Seventy-seventh Congress, as amended by section 319 of Public Law 87-703, is amended by striking therefrom paragraphs (4) and (11).

SEC. 4. Section 359(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking the fourth sentence thereof.

SEC. 5. The Agricultural Adjustment Act of 1938, as amended, is amended by striking therefrom sections 346(c), 346(d), 356(c), 356(d), 359(d), and 359(e).

SEC. 6. The amendments in this Act shall become effective with respect to the 1965 crops of the commodities to which they relate, and the provisions of law in effect immediately prior to the enactment of this Act shall continue in effect with respect to 1964 and prior crops of such commodities.

Mr. JONES. Mr. Charles Cox, the Assistant Deputy Administrator of State and County Operations, ASCS, USDA, is the first witness.

This bill, I might say, was introduced by the Chair at the request of the Department of Agriculture.

If you will, Mr. Cox, explain to us why the Department feels that this legislation should be enacted.

**STATEMENT OF CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR, STATE AND COUNTY OPERATIONS, ASCS, U.S. DEPARTMENT OF AGRICULTURE**

Mr. Cox. Mr. Chairman, this bill does have the support of the Department of Agriculture. It is a very simple bill. All that it does is to apply uniform interest rate, a rate of 6 percent, to all unpaid marketing quota penalties that are assessed against farmers who are in violation of their marketing quotas for cotton, peanuts, tobacco, and previously for wheat and rice.

Mr. JONES. At present, what interest rate is collected?

Mr. Cox. Six percent.

Mr. JONES. I thought you said the bill would provide for a uniform rate.

Mr. COX. The uniform rate, the 6-percent rate, applies under the law at the present time for all crops except tobacco. There is no rate prescribed in the law for tobacco.

The other main thrust of the bill is to provide a uniform method of applying lien for the amount of the penalty. There is no lien provision for tobacco in the law at the present time. And the one that is provided in the present law for other crops is different, depending upon the crop.

For example, in the case of cotton and rice, the lien provision applies only to the crop for which the penalty was assessed, whereas in the case of peanuts and other crops, a lien not only applies against the crop for which the penalty was assessed, but to any subsequent crop that is grown by a person who is subject to a penalty.

These are the main provisions of the bill, Mr. Jones.

Mr. JONES. You still say that where a person owes the Government for unpaid marketing quota penalties that they are paying 6 percent now.

Mr. COX. On all crops except tobacco.

Mr. JONES. What do they pay?

Mr. COX. Nothing. The law has no provision for interest in the case of tobacco.

Mr. JONES. Well, is tobacco the only crop that would be affected by this?

Mr. COX. It is the only crop that would be affected by the interest provision.

The interest provision would affect cotton and rice in a new way. And the new way would be that it would apply not only against which the penalty was assessed, but to any subsequent crop that was planted by this producer until the penalty with interest was paid.

Mr. JONES. It is a pretty highly technical bill as far as I am concerned. I don't understand it all myself. I hope the other members of the committee understand more about it.

Do you have any questions?

Mr. HAGEN of California. I would like to ask a question.

You mean the only lien recourse the U.S. Department of Agriculture has with respect to collecting penalties for violation of quotas is a lien against the crop or succeeding crop?

Mr. COX. It is against the crop in the case of all crops except rice and cotton. In the cases of rice and cotton it applies only to the crop for which the penalty is assessed. With respect to other crops other than tobacco, it applies not only to that crop, but to any subsequent crop that is planted by the producers who are subject to the penalty.

Mr. HAGEN of California. You can't get a lien on any other part of the violator's property; is that correct?

Mr. COX. That is correct.

Mr. Chairman, there are two other things that I might observe. In looking over the bill briefly last evening, I noticed that there are some section numbers that need to be changed because the Food and Agriculture Act of 1965 has been passed since you introduced this bill. And there is one section in there in particular, 379, which I am

sure was preempted by the provisions of the Food and Agriculture Act of 1965.

Also, the last part of the bill with respect to the effective date ought to be changed to make the provisions of the bill prospective.

Mr. JONES. Would you provide the clerk with the suggested amendments of a technical nature?

Mr. Cox. I would like an opportunity to check with our General Counsel's office, and then I will call on Mr. Heimburger's office and furnish it for the record.

Mr. JONES. That will be fine.

Mr. Matsunaga.

Mr. MATSUNAGA. Then you say that this bill would merely apply to tobacco the same provisions, insofar as the liens and interest rates go, now applicable to other crops?

Mr. Cox. That is correct, Congressman Matsunaga. And it would also make all crops consistent with the present provisions of the law that presently applies to peanuts. In other words, the provisions of the bill that Congressman Jones introduced are now the law of the land so far as the peanuts are concerned. But there are slightly different provisions for the other crops.

Mr. HAGEN of California. In other words, it is the intention of the Department in requesting this bill just to make a uniform application for all crops?

Mr. Cox. That is correct. It is difficult to explain to a farmer who may be growing more than one of these crops why we have a slightly different provision on interest, or slightly different provision with respect to liens on one crop as opposed to the other when he may be growing both crops.

Mr. HAGEN of California. Do you repeal any inconsistent provisions?

Mr. Cox. Yes.

Mr. HAGEN of California. So we won't be cluttering up the law.

Mr. Cox. That is correct.

Mr. JONES. If there are no further questions, I want to thank you, Mr. Cox.

Mr. Cox. Thank you, sir.

H.R. 14010

Mr. JONES. We have another bill here, H.R. 14010, by Mr. Olsen of Montana. And I see here that we have Mr. Francis R. Mangham, Deputy Administrator, as a witness.

We would be pleased to hear from you, Mr. Mangham.

Mr. HEIMBURGER. Mr. Chairman, before he starts his testimony, may I put in the record that the Department of Interior was notified of this hearing, in anticipation that they might want to send a witness to testify on this bill. And I was notified yesterday afternoon by the Congressional Liaison Office of the Department of the Interior that they have no interest in the bill, and no position on it at all.

Mr. JONES. Thank you.

(H.R. 14010, introduced by Mr. Olsen of Montana, and the departmental report, follow:)

[H. R. 14010, 89th Cong., 2d Sess.]

A BILL To authorize the Secretary of Agriculture to extend and renew to Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company for the term of ten years a lease of a tract of land in the United States Department of Agriculture Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under authority of the Act of Congress approved August 1, 1956

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of Agriculture be, and he is hereby, authorized, in his discretion, to extend and renew to Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company for a term of ten years that certain lease to Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company, bearing date November 23, 1956, of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, containing an approximate area of two hundred and forty-one and sixty-seven one-hundredths acres, and also a strip of land for a right-of-way to said tract, executed by the Secretary of Agriculture under authority of the Act of Congress approved August 1, 1956, upon the general terms and conditions now contained in said lease but with specific provision that lessee shall pay annually a royalty of not less than 1 cent per cubic yard on all material removed from said tract and shall in addition remove from said tract and deliver in a stockpile annually, free of charge, such quantity of sand and gravel suitable for use upon the walks and roads of the experiment station as would be required by the Government officials in charge of the station, not to exceed one hundred carloads per annum; said renewal and extension to inure to the benefit of Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., August 17, 1966.

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

DEAR MR. CHAIRMAN: This is in reply to your letter of April 5, 1966, requesting our views on H. R. 14010. The bill is entitled, "To authorize the Secretary of Agriculture to extend and renew to Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company for a term of ten years a lease of a tract of land in the United States Department of Agriculture Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under authority of the Act of Congress approved August 1, 1956."

The bill would authorize the Secretary of Agriculture to renew the agreement between the United States and the Chicago, Milwaukee, Saint Paul, and Pacific Railroad Company, for a term of ten years, for a lease of a tract of land lying within the United States Department of Agriculture Range Livestock Experiment Station containing 241.67 acres, and also a strip of land for a right-of-way to said tract. Under the bill the Railroad Company would pay annually a royalty of not less than 1 cent per cubic yard on all material removed from said tract. In addition, the Railroad Company would remove from the tract and deliver in a stockpile annually, free of charge, such quantity of sand and gravel suitable for use upon the walks and roads of the Experiment Station as would be required by the Government official in charge of the station, not to exceed one hundred carloads per annum.

This Department does not recommend enactment of H. R. 14010. In 1965, prior to the expiration of the last lease with the Railroad Company, the Materials Disposal Act was amended to give the Secretary of Agriculture authority as to lands under his jurisdiction in the disposal of mining and vegetative materials. Since the land involved is subject to the Materials Disposal Act, we do not believe the statutory preference proposed in H. R. 14010 should be continued.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

Mr. JONES. All right, Mr. Mangham.

STATEMENT OF FRANCIS R. MANGHAM, DEPUTY ADMINISTRATOR,  
ADMINISTRATIVE MANAGEMENT, AGRICULTURAL RESEARCH  
SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. MANGHAM. Thank you, Mr. Chairman and members of the committee.

This bill would authorize the Secretary of Agriculture to renew an existing agreement between the United States and Chicago, Milwaukee, St. Paul, and Pacific Railroad Co. for a term of 10 years for the lease of a tract of land containing 241.67 acres, lying within the USDA range and livestock experiment station at Mile City, Mont.

Under the bill the railroad company would remove sand and gravel from this area and pay the U.S. Government not less than 1 cent per cubic yard. And in addition they would store without cost to USDA up to 100 carloads per annum for use by the station.

I might say that this arrangement had its beginning in 1916 for a period of 10 years, and has been renewed at 10-year intervals since that date.

The Department does not recommend enactment of 14010, for the reason that the Secretary of Agriculture now has authority to operate under the Materials Disposal Act, and since the lands involved are subject to the use of that act, the Department does not believe the statutory preference proposed in H.R. 14010 should be continued.

Mr. JONES. Does that complete your statement?

Mr. MANGHAM. Yes, sir; that completes my statement.

Mr. JONES. Are there any questions?

Mr. HAGEN of California. Yes.

As I understand it, you are flatly opposed to this bill; is that right?

Mr. MANGHAM. Yes, sir.

Mr. HAGEN of California. As I understand it, this land has been leased to the railroad under special law?

Mr. MANGHAM. That is correct, sir.

Mr. HAGEN of California. And they have been using it largely as a source of sand and gravel?

Mr. MANGHAM. Source of sand and gravel for their use, and at the same time as the station would need sand and gravel, they would store the quantity that was needed.

Mr. HAGEN of California. And if this bill doesn't pass, or isn't approved, what then will be your relationship with respect to usage with the railroad company?

Mr. MANGHAM. With respect to the usage of the railroad company, any materials that they need will be purchased on a competitive bid basis. And this is provided for in the Materials Disposal Act which Agriculture now has authority to use.

Mr. HAGEN of California. In other words, you are not contemplating locking up this land, you would still operate it as a source of sand and gravel?

Mr. MANGHAM. That is correct.

Mr. HAGEN of California. And you might get a more valuable financial return under the general law governing the taking of sand and gravel from Government land, is that correct?

Mr. MANGHAM. We think so, yes.

I might state that the current agreement was negotiated at a 5-cent-per-cubic-yard basis even though the law stated not less than one.

Mr. JONES. At the present time you are getting \$50 a year plus a royalty of 5 cents per cubic yard removed and not to exceed a hundred carloads a year for use by the experiment station?

Mr. MANGHAM. That is right, Mr. Chairman. And I might say that during the past several years that there has been a very small quantity of sand and gravel removed from the area. As a matter of fact, since 1963—there was about 3,000 cubic yards in 1963, and approximately 2,000 in 1964, and there hasn't been any removed in 1965 and 1966.

Mr. HAGEN of California. Does the railroad run a line in there? Do you have any facilities in there?

Mr. MANGHAM. Yes, sir. They have a spur line, for which they have a right-of-way. The spur line extends from the borrow area to their main line. And this is by a right-of-way easement.

Mr. HAGEN of California. By easement?

Mr. MANGHAM. Yes, right-of-way.

Mr. HAGEN of California. Would that easement be affected if this legislation were not passed?

Mr. MANGHAM. The easement could be affected; however, we do have the authority to grant them an easement for this area.

Mr. HAGEN of California. Do you intend to do that?

Mr. MANGHAM. We would have no reason not to continue their easement for this area.

Mr. HAGEN of California. Let me ask you this. Are there any other potential purchasers of this material in the area who would shut out the railroad?

Mr. MANGHAM. Insofar as I know, there are not, sir.

Mr. HAGEN of California. So the railroads would be just bidding under a general statute?

Mr. MANGHAM. That is correct, they would be bidding under a general statute instead of a private law.

Mr. JONES. Mr. Heimbürger.

Mr. HEIMBURGER. Does the statute you refer to, the Materials Disposal Act, require the sale of these materials by bidding process?

Mr. MANGHAM. They require the sale by a bidding process, with three exceptions. And one of the exceptions would be if bidding was impractical.

Mr. HEIMBURGER. Such as if there were only one person interested?

Mr. MANGHAM. One person interested, if it was inaccessible, or for other reasons.

Mr. JONES. We have a statement from Congressman Olsen, of course, urging favorable consideration of the measure. And without objection, it will be placed in the record at this point.

(The statement is as follows:)

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

Mr. Chairman, I want to express my appreciation for having this opportunity to testify in behalf of H.R. 14010, a bill authorizing the Secretary of Agriculture to extend and renew a lease of a tract of land in Paragon, Montana, to the Chicago, Milwaukee, Saint Paul and Pacific Railroad Company.

This, it seems, is an uncomplicated measure. It merely is a reaffirmation of an arrangement which was adopted in the past, and which has been found to be an adequate, equitable, and efficient method of utilizing the public domain. In this respect, it is in line with our government's declared public policy of allocating our resources so as to maximize the benefit to the American People.

Historically, the present lease entered into between our government and the railroad was done pursuant to the authority of private law 838- of the 84th Congress, approved August 1, 1956. This present lease expires on June 27, 1966. Previous to the present lease there had been a private law authorizing the extending of a lease to the Milwaukee by the Secretary of Agriculture. Thus, I believe, the 1956 action of Congress was authority to renew.

The present lease provides for a ten-year period with rental of \$50.00 per annum and a royalty of five cents per cubic yard on the gravel which is removed. Provision is also made that the railroad has the obligation to deliver to the Agricultural Range Livestock Experiment Station free of charge sand and gravel for walks and roadways but not to exceed 100 carloads per year.

The railroad is, in effect, leasing a tract of land which is useful only as a gravel pit. It is adjacent to, and parallel with the railroad right-of-way. As I understand it the Range Livestock Experiment Station has had no other use for this property, nor does it contemplate any.

The gravel as used by the railroad has been necessary and vital to the preservation of the right-of-way and in connection with its general road grade both in the area and across the State of Montana.

As I view this arrangement, this legislation to renew the lease would appear to have a benefit to both the lessor and the lessee, and I would like to urge your serious consideration of this measure.

Mr. JONES. The committee will now go into executive session.

(Whereupon, at 12 noon, the subcommittee went into executive session.)

# HOUSE CONCURRENT RESOLUTION 313 AND HOUSE CONCURRENT RESOLUTION 315, TO ENDORSE THE CONCEPT OF WORLD FARM CENTER

WEDNESDAY, AUGUST 24, 1966

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

The committee met, pursuant to notice, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Jones of Missouri, Hagen of California, Purcell, Stubblefield, O'Neal, Redlin, Greigg, Callan, Dague, Teague of California, Harvey of Indiana, Dole, and Hansen of Idaho.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, general counsel; Francis M. LeMay, consultant; and Fowler C. West, staff.

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

Mr. Dyal, we are delighted to have you here this morning. Will you have a seat at the witness table?

Mr. DYAL. Thank you.

The CHAIRMAN. Tell us what you have on your mind.

Mr. DYAL. I also have with me our colleague, Congressman Hanna, from California.

The CHAIRMAN. We are glad to see you here, too.

This hearing is on House Concurrent Resolution 313 and House Concurrent Resolution 315, to endorse the concept of a world farm center. The resolutions, together with a report from the Department, will be made a part of the record at this point.

(H. Con. Res. 313, introduced by Mr. Dyal, and H. Con. Res 315 are identical resolutions, the text of which, together with the departmental report, follow:)

[H. Con. Res. 313, 89th Cong., 1st sess.]

## CONCURRENT RESOLUTION

Whereas the business of agriculture is a basic industry vital to the economy and sustenance of the United States of America and the entire world; and

Whereas the development of techniques, research, and procedures for the improvement of the agricultural industry is necessary to the well-being of the farmers and consumers of farm products; and

Whereas the tremendous technical evolution in agriculture has created a serious need for better understanding between agriculture and the general public; and

Whereas World Farm Center advocates from all segments of the agri-business industry are cooperating in the founding of a World Farm Center at Ontario, San Bernardino County, California, as a service organization which is designed to serve as an agricultural clearinghouse and marketing information center; to en-

courage, assist, and cooperate in agricultural research programs with universities, governmental agricultural agencies, and private agencies; to develop the site of World Farm Center as a manufacturing, demonstration, and display center for all types of agricultural machinery and equipment; to establish prototype agricultural enterprises for display and production; to establish a convention center for agricultural organization meetings; to engage in other service and educational functions which will advance the agricultural industry; to establish a center for offices of companies, associations, governmental and others; and to improve understanding between agriculture and the general public: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring),* That Congress hereby endorses the concept of World Farm Center as a means of furthering the advance of national and international agriculture.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., May 26, 1966.

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

DEAR MR. COOLEY: This is in reply to your request of February 14, 1966, for a report on H. Con. Res. 313, a concurrent resolution "To endorse the concept of World Farm Center."

The Department does not object to passage of this resolution.

The resolution calls attention to the vital importance of agriculture in the national economy and to the tremendous economic gains that have resulted from technological progress in agriculture. It points out that the World Farm Center is designed to improve understanding between agriculture and the general public.

According to literature we have received, the World Farm Center is a non-profit foundation established primarily for educational purposes. It will provide a place where agricultural suppliers can display, demonstrate, service, and warehouse their products.

The enactment of this resolution will have no influence on Department expenditures.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

The CHAIRMAN. All right, Mr. Dyal, we will be glad to hear you now.

#### STATEMENT OF HON. KEN W. DYAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DYAL. Mr. Chairman and members of the committee, I have a brief statement that I should like to read if I may.

Mr. Chairman, it is a privilege for me to appear before the Committee on Agriculture this morning in behalf of my bill, House Concurrent Resolution 313, to endorse the concept of a World Farm Center at Ontario, San Bernardino County, Calif., which is in my congressional district.

This location will place the World Farm Center in the finest agricultural area of southern California, and it will be readily accessible by all means of transportation. It will be adjacent to Highway 10 (formerly Highway 66); contiguous to three major railroads—the Santa Fe, Union Pacific, and Southern Pacific; and next door is the Ontario International Airport which is Los Angeles' second airport.

The objectives of the Center are to provide a facility where every citizen, especially our youth, can learn about agriculture; to improve relations between agriculture and the general public and between individuals in the industry; to create a better understanding between consumer, agriculture, business and Government agencies; and to provide a place where agricultural suppliers can display, demonstrate, and service their products.

Fortunately, the Center will not be far from the well-known and famous University of California at Riverside, which has pioneered in citrus culture, marketing, diseases, and development. Also, it will lie equal distance from the great market basket producers of Imperial Valley which puts \$1 billion worth of marketable produce into groceries in America every year, and from the great cotton producers of Kern County.

This is an era in which in my own area we are turning our grape-lands into industries and in some cases our orange groves into subdivisions, and yet continually discovering new areas suitable for this type of agriculture and others. I am sure in many areas of our Nation similar problems are occurring, and we propose that the World Farm Center shall make itself an agent for the dissemination and continuity of information which will be helpful in solving the problems of urbanization versus our greenbelts and production of specialty crops as well as the staples.

There is the problem of adequate water supply which is of constant concern to the agriculturists. This is no longer just a problem in the West, but droughts and lack of suitable water affects every portion of our Nation. It is believed the World Farm Center will spend a great deal of time and effort in the proper utilization of limited supplies of water which will be of benefit to agriculturists by the demonstration of equipment and methods.

Actually, the World Farm Center will be a clearinghouse where people from all over the world can convene to study and view each others methods and derive the benefits therefrom.

May I respectfully invite the attention of the committee to the statement of the Department of Agriculture in its report on House Concurrent Resolution 313:

The enactment of this resolution will have no influence on Department expenditures.

Again, I invite the committee's attention to the fact the entire concept is in the area of education and it is believed by dramatization in the World Farm Center great impetus can be given to the modern agriculturist. Agriculture is undergoing a major change as dramatic as anything in the new IBM, transistor, plastic, and space development world of tomorrow.

May I quote from the brochure which I have given to the committee:

Here will be contained in full operational view actual working prototype dairies, meat processing plants, canneries, bakeries, all types of food processing, and everything allied with producing and readying agricultural products for market.

All operations will be surmounted with observation walks which will provide advantage points for interested visitors and touring school children.

I am grateful the Department of Agriculture did not express objection to the passage of this resolution; and I respectfully request favorable consideration by the members of this committee.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Let me ask you a few questions.

This will be a nonprofit organization?

Mr. DYAL. That is right.

The CHAIRMAN. How do you expect to finance the World Farm Center?

Mr. DYAL. These gentlemen have worked out a program as display as well as motels, that type of situation that would surround a World Farm Center, with the idea that from these the profits will be used to maintain it, and they intend to sell space and display space, much as we do with some fairs and expositions.

The CHAIRMAN. In other words, you think it will be a self-financing proposition?

Mr. DYAL. Yes, sir; we do. I would like to say that this is not a new program that we have brought from Mr. Hagen, Mr. Hanna, and myself this morning. These gentlemen have been working on this program in excess of 6 years, and it was first brought to my attention about 6 years ago.

The CHAIRMAN. This resolution, then, will just give it a little prestige?

Mr. DYAL. It certainly would. It is exactly that.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. I have looked over this brochure of Mr. Dyal's. I wonder if you could enlighten us as to who these people are who advocate the World Farm Center?

There is a long list of names here of individuals. I would just like to know who they are.

Mr. DYAL. That is very important.

Frank R. Wilcox is well known as the man who managed the Sunkist Corp. and its program for many years in southern California. He has been a leader in the development of the citrus industry, just to pick one name that is on the list. He is well recognized as to his leadership in chamber of commerce work and other activities, at least and especially in the field of agriculture for four decades that I remember.

Lloyd Yount is another man who has been active in similar fields for a number of years in the southern California area.

Many of these men come from different areas.

#### STATEMENT OF HON. RICHARD T. HANNA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HANNA. Mr. Chairman, if I could help answer that question, I would like to pick out some of the names who come from Orange County.

Jack deVries is the largest dairyman in my district and has what you might call an industrialized dairy complex, with 600 cows, all automated.

Charles Paul is the head of the Agricultural Department of the State of California.

Herbert Warren is the head of a large complex of vegetable-growing operations. The Warren brothers, have a very large fresh vegetable operation which markets produce right into the great Los Angeles Basin.

All of these gentlemen that I have met in the 6 years have impressed me, because of their stature and their status as operating successful agricultural projects of a rather large substantial size.

Mr. GATHINGS. So they are a part of the agricultural community?

Mr. HANNA. Yes; they are.

Mr. GATHINGS. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. HARVEY of Indiana. Do I understand that you do not contemplate any Federal appropriations for this project?

Mr. HANNA. That is correct. I think what the chairman has said put it right on the spot. This is a matter of prestige, of having recognition as a worthwhile agricultural effort sponsored by these gentlemen who have been recognized as being for a project that would be in the public interest.

The CHAIRMAN. You have given serious thought to it?

Mr. HANNA. In the past 6 years; yes, sir.

The CHAIRMAN. That is, the gentlemen have, and they feel that they can go ahead and finance it with the profits and can liquidate their loans?

Mr. HANNA. That is correct. They have a rather good price on a piece of property there, and that property has enhanced in value.

Mr. DYAL. That is right.

The CHAIRMAN. Mr. Hagen of California.

Mr. HAGEN of California. I might say, Mr. Chairman, that Congressman Sheppard, who was a Member of the Congress had the same bill in some years ago.

Mr. HANNA. Yes. In fact, I started working with Mr. Sheppard, because it just happened that the originators of the idea were Orange County and San Bernardino agriculturalists, and they selected the San Bernardino location because of this piece of land.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. I want the record to be real clear—and I think it is from what Mr. Harvey asked and was told—that we do understand that you gentlemen and, so far as you know, nobody else in California will come before the Congress asking for an appropriation for this?

Mr. HANNA. That is correct.

Mr. POAGE. And you are not asking for one, either?

Mr. HANNA. I am not asking for one.

Mr. POAGE. Good. Thank you.

Mr. DYAL. May I say neither did Congressman Sheppard, who was my predecessor.

Mr. POAGE. Too often, when we pass some of these bills, the proponents come back later and say: "We just need \$10 million, to get this started."

Mr. DYAL. That is right. That is one reason we feel free in appearing before you. It was started a long time ago. It was carefully picked up by the boards of supervisors of some of our counties, and they have gone through all of the problems and we feel they have been ironed out. So now we feel very free and able to come before you.

Mr. POAGE. Would you object to our putting in the report that we have a commitment from the present Congressmen that there will be no request for Federal funds?

Mr. DYAL. We have no objection to that.

Mr. HANNA. Absolutely not.

Mr. POAGE. Thank you again.

Mr. O'NEAL. I have a question that I would like to ask, out of a combination of ignorance and curiosity. I notice in the brochure that under the paragraph entitled "Water Panorama," you state:

Water will be circulated for uses such as agricultural, fishing, water treatment techniques, heat exchange, foot traffic control.

Would you explain what "foot traffic control" means? I was just wondering about that, as to what it is.

Mr. HANNA. I think that merely means that by laying out the waterways they will give a configuration to the paths which will lead the people to go by certain exhibits that they want to be sure that they do not miss, and the surest way to do it is to put in such pathways. That is what it means.

The CHAIRMAN. Mr. Hagen?

Mr. HAGEN of California. Do we not have some kind of a national agricultural exhibit now?

Mr. CALLAN. That was the Agricultural Hall of Trade.

Mr. HAGEN of California. Where is that located?

Mr. CALLAN. It is east of Kansas City, not too far.

Mr. HAGEN of California. Is any Federal money involved in that at all?

Mr. CALLAN. No.

Mr. HANNA. You see, what this practically does is that it brings agriculture into complete focus, because it brings together the men who manufacture the things that the farmers use; it brings the farmer and the food processing men together, which is a first step to marketing. When you have from the farm to the processor to the market, you pretty well have the full picture of this.

In this, they plan to integrate these people who have a common interest in agriculture, to get behind this project so that they can all help each other to expand the dynamics of the subject of agriculture and to make that an exportable item.

The CHAIRMAN. Mr. Hansen?

Mr. HANSEN. Is there any reason why this is called the World Farm Center instead of the National Farm Center?

Mr. HANNA. Yes, sir. We feel that it is important to integrate the position of the United States with the position of the world. This is a time, gentlemen, when food crises are on everybody's mind. We would like to make this a center to which people in the world, who are interested in seeing the great production in farming, how it comes into being in a country like ours, can come.

Japan is already very much interested in the project, and has indicated that they would be bringing farmers to view it.

Mr. HANSEN. Thank you.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. I apologize for being late. Does this proposal have broad support among the California farm organizations?

Mr. HANNA. Yes; it does. There are representatives, as we have pointed out already, Mr. Teague, of people who are interested in this—for instance, your county, in citrus. I know that Mr. Yount is among the citrus growers. I have already mentioned him. And Mr. Paul, who is from the State agriculture department, and Mr. Wilcox. I think that you will find enough of those men there that you are familiar with.

Mr. TEAGUE of California. I see the name of Mr. Wilcox. He is a very highly respected leader in agriculture.

As I understand it you are not proposing that there will be any Federal investment in this?

Mr. HANNA. We made that amply clear, Mr. Teague, and where we did not, Mr. Poage did.

The CHAIRMAN. Are there any further questions?

If not, we thank you gentlemen very much for your appearance here.

Mr. DYAL. Thank you.

Mr. HANNA. Thank you.

The CHAIRMAN. We will make the pamphlet you have presented a part of the files of the committee.

The committee will now proceed into executive session.

(Whereupon, at 10:40 a.m., the committee retired into executive session and the reporter was excused.)

The following is a list of the lands which have been surveyed and classified under the provisions of the Act of the 22nd March 1870, and which are now ready for disposal. The lands are situated in the counties of Devon, Cornwall, Dorset, Devonshire, Devonport, and Plymouth, and are of various descriptions, including common lands, waste lands, and lands which have been reclaimed from the sea. The total area of the lands is 1,234 acres, 2 roods, and 10 perches. The lands are now offered for sale at a price of 10s. per acre, and the proceeds of the sale will be applied to the purchase of other lands for the benefit of the public.

# H.R. 9148, TO AMEND SECTION 8(e) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

TUESDAY, AUGUST 30, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT,  
OF THE COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Stubblefield, Greigg, Callan, Bandstra, Harvey of Indiana, and Dole.

Also present: Christine S. Gallagher, clerk; Fowler C. West, staff, and Hyde H. Murray, assistant clerk.

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

I believe the first bill we have is H.R. 9148, by Mr. Cooley.

(H.R. 9148 follows:)

[H.R. 9148, 89th Cong., 1st sess.]

A BILL To amend section 8(e) of the Soil Conservation and Domestic Allotment Act

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Soil Conservation and Domestic Allotment Act (49 Stat. 163), as amended, is further amended by amending section 8(e) (16 U.S.C. 590h(e)), as follows:

(1) Change the comma in the second sentence after the word "thereto" to a period and strike out the remainder of the sentence.

(2) Strike out the third and fourth sentences.

(3) In lieu of the material stricken out substitute the following: "The Secretary shall give particular consideration to small, family-type farms in providing assistance for soil-building or soil-conserving practices."

Mr. POAGE. I understand Mr. Fitzgerald of the Department will make the statement on this. We will be glad to hear from you now.

**STATEMENT OF RAY FITZGERALD, DEPUTY ADMINISTRATOR,  
STATE AND COUNTY OPERATIONS; ACCOMPANIED BY FRED  
G. RITCHIE, DIRECTOR, CONSERVATION AND LAND USE POLICY  
STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION  
SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. FITZGERALD. Mr. Chairman, and members of the committee, I have with me Mr. Fred G. Ritchie, Director of the Conservation and Land Use Policy Staff of the Agricultural Stabilization and Conservation Service.

I am pleased to appear before your committee to present this statement in support of H.R. 9148.

This bill would amend the Soil Conservation and Domestic Allotment Act, as amended, to substitute language for the "small cost-

share increase" provision. The substitute language would direct the Secretary to give particular consideration to the conservation requirements of small family farms in the approval of agricultural conservation program—ACP—cost-sharing assistance for the application of needed conservation measures.

The present provision requires that each payment of less than \$200 shall be increased by a specific dollars-and-cents amount ranging essentially from 40 percent of the earned cost-shares for the smallest payments to a \$14 increase on cost-shares from \$60 through \$186. This provision has for many years substantially failed to accomplish the purpose for which we believe it was originally designed; that is, to provide additional help to the farms and farmers with relatively low income opportunities.

The small cost-share increase provision was added to the act beginning with the 1938 program when the major use of program funds was for production adjustment or control purposes. At that time the size of payment was usually closely related to the size of farm, and by giving additional assistance in the low-payment brackets—which the present rigid formula requires—the objective of providing more assistance to small farms and low-income farmers, including tenants and sharecroppers, was substantially achieved.

The situation is quite different now. The amount of ACP payment is not nearly so likely to vary according to the size of the farm. Under the present ACP—devoted only to assisting farmers apply needed soil, water, woodland, and wildlife conserving measures and not to payments for crop adjustments—small payments are made in numerous cases to large farms. The effect of the existing legislative provision for increases in payments is to reward the farmer if he does only a small amount of conservation work. And this happens regardless of the conservation needs of their lands, the financial assistance needed by the farmer, or the size of the farm.

An objective of giving increased attention to the conservation problems of small family farms can be much more nearly met if the Secretary were not required to apply the arbitrary, mechanical formula now required. Flexibility is needed so that the objective can be carried out in a manner most appropriate to each area, taking into account the variation in the physical size of family farms in different areas, the relative needs of farmers for assistance, and other relevant factors.

The enactment of this proposal would not alter the existing legislative requirement that funds be allotted among the States in accordance with the relative needs of their lands for conservation measures. Its enactment would eliminate the necessity for the Secretary temporarily to withhold a part of the authorized funds, approximately \$10 million annually, to be added later for these ineffective small cost-share increases, and permit the total needed funds to be allotted in accordance with the needs of the land and used to get increased conservation work.

A great majority of the farmer committees who administer the agricultural conservation program have been recommending for many years that such a change be made. They have repeatedly proposed that the funds, otherwise required for these complicated and unproductive arbitrary increases, be used to share the cost of additional conservation work and on a basis better related to the

assistance needed to make it practicable for the particular farmer to undertake the work.

I would be glad to answer any questions concerning this proposed bill.

Mr. POAGE. Thank you, Mr. Fitzgerald.

I do not exactly understand what this bill is going to do.

I understand, of course, that you are not going to make these small payments that we have made in the past, but what are you going to do? How are you going to handle this?

Mr. FITZGERALD. Mr. Chairman, beginning with 1966, there is a provision in the National Bulletin ACP which provides that the county committee can, upon justification, give increased cost-sharing assistance to the farmers who are in greater need; that is, the low-income farmers, specifically. And this is the way we would like to use these funds rather than under the small-share increase formula which we are now required to use. This means that now, according to the formula, the man who does the least conservation is apt to get the most money per unit of performance. For example, I can, on my farm, use only a \$50 practice under the formula, and I must then get another \$10, we will say, while someone who is in greater need for cost-shares, is left out.

We would like to be able to use these funds to help zero in on the target; that is, those people who are in the greatest need of cost sharing.

Mr. POAGE. Are we to understand that what you are proposing is the phasing of the conservation program into a part of the poverty program?

Mr. FITZGERALD. Not by a long ways; no, sir, except we realize that there are people who are not taking part in the ACP over the years, primarily for the reason that they have not had the 50-percent money to put up for the conservation work which is needed on their farm.

Mr. POAGE. Mr. Fitzgerald, that does not have anything to do with whether a man is a small farmer or is a big farmer. I know some of the biggest farmers in the country that cannot raise their 50 percent. Most farmers have to borrow at the time, to do it.

Mr. FITZGERALD. Yes, sir.

Mr. POAGE. You will measure this by the man's net worth or by his income, or how?

Mr. FITZGERALD. In the proposal we now use—

Mr. POAGE. That, you are destroying. What will you do in the future?

I know how you do it now. What will you do in the future?

Mr. FITZGERALD. What we use this year and intend to use in the future, Mr. Chairman, is an application from the farmer which says: "I need this help on this farm, and I need more than the regular 50-percent cost sharing, and I have less than \$3,000—or some other appropriate—income."

The county committee, if it sees fit, can give this man additional cost sharing up to 80 percent, rather than 50 percent.

Mr. POAGE. Does that not negate what you just told us, that you were not making this a part of the poverty program? You will use the \$3,000 income level as the basis to determine how much a man

is eligible to receive for his conservation practices. That is clearly a part of the poverty program, as I see it?

Mr. FITZGERALD. We do not have the responsibility for the poverty program.

Mr. POAGE. I know that, but you are taking the responsibility; and you are asking to have it, are you not?

Mr. FITZGERALD. No, but we are interested in getting conservation on the land. We think that this change will help us get conservation on the land where it is most needed.

Mr. POAGE. Would it not get conservation on the land if you paid all the costs for everybody?

Mr. FITZGERALD. Oh, yes, sir.

Mr. POAGE. So, then, if we are trying to get more conservation, then might we not do it by going out and paying for all of the work everywhere? Then everybody will get just as much conservation as we want to pay for?

Mr. FITZGERALD. If we had the funds; yes, sir.

Mr. POAGE. This is what you want to pay for; is that not correct?

Mr. FITZGERALD. Yes.

Mr. POAGE. So that if that would be our purpose, then what we need is more money, and the Government to spend the money to get conservation, but what you are suggesting is not to get conservation, as I understand it, but to get help for poor people.

Mr. FITZGERALD. No, sir; within the funds which are appropriated we want to get as much conservation on as much land as possible.

Mr. POAGE. No; you want to get it on the land that belongs to the men who do not have more than \$3,000 income.

Mr. FITZGERALD. We want to give him an opportunity which he has not had heretofore.

Mr. POAGE. And if you spend the money you do have on him you cannot put it elsewhere.

Mr. FITZGERALD. That is correct.

Mr. POAGE. So, what we propose to do is to take it from the man who has an income of more than \$3,000 a year and spend it on the man who has less than \$3,000 income a year.

Mr. FITZGERALD. What we propose to do is to make cost-sharing more available to these people who have not before been able to use it.

Mr. POAGE. Let us get this in the record. It will have the effect of reducing the amount of money available for the man who has an income of more than \$3,000 and increase the amount of money available for those who have incomes of less than \$3,000 a year; will it not?

Mr. FITZGERALD. It may, sir.

Mr. POAGE. Will it not do that?

Mr. FITZGERALD. Not necessarily; no, sir.

Mr. POAGE. How could it fail to have that effect?

Just give us the mathematics of it. How can it fail to do that?

Mr. FITZGERALD. Because on my farm I recognize I need conservation practices. They are good farming practices. I can go to my banker and borrow money to put the conservation practices in on my farm, because he recognizes that it is good.

It may be that a man who lives in the section across from me is in such shape financially that he cannot even raise the 50 percent, not even from the banker, to pay his share of the cost. What we want to do is to go to that particular individual and say: "We will pay 80

percent of the cost of this practice for you, because your land needs it, and you cannot otherwise afford it."

Mr. POAGE. That does not get to the point that I am trying to make. Apparently, I am not succeeding in making it. Maybe I do not understand it.

If you have \$100 million; that is, if in the past we have been spending, from that, \$50 million on people who have incomes of less than \$3,000 and \$50 million on people who have incomes of more than \$3,000—those are not the exact figures, but let us assume that is what we have been doing—we then spend more on those with less than \$3,000 income, is it not inevitable that those who have incomes of more than \$3,000 are bound to get less?

Mr. FITZGERALD. They are bound to get less. That does not mean necessarily that there will be less conservation on their farms.

Mr. POAGE. You think they are going to spend their own money?

Mr. FITZGERALD. To some extent, they will.

Mr. POAGE. Why do we spend any money on them then?

Mr. FITZGERALD. Because most farmers today cannot afford even to raise 50 percent.

Mr. POAGE. That is correct, whether he has an income of \$300 or \$300,000, that is generally correct. And most farmers are not going to carry on these practices unless it is with Government help.

Mr. FITZGERALD. Most farmers are not, that is true.

Mr. POAGE. Then, it is going to reduce the conservation practices on the farms that are owned by individuals who have an income of more than \$3,000?

Mr. FITZGERALD. It could, yes—depending on how the county committee administered the program.

Mr. POAGE. How can you administer the program so that it does not have that effect?

Mr. FITZGERALD. It does not have to approve large payments to farms with less than \$3,000 income.

Mr. POAGE. In other words, if the county committee does not choose to follow this, it does not have any adverse effect?

Mr. FITZGERALD. That could be true; yes, sir.

Mr. POAGE. Then, why pass it?

Mr. FITZGERALD. Because I think that most county committees will use it.

Mr. POAGE. Would use it?

Mr. FITZGERALD. Yes, sir.

Mr. POAGE. And if they did use it, they would reduce the amount of money available for everybody with more than \$3,000 income?

Mr. FITZGERALD. Yes, it could.

Mr. POAGE. All right.

Mr. FITZGERALD. In other words, my banker might give me a little less while John Jones would get a little more.

Mr. POAGE. To me, this kind of expenditure is a part of the poverty program. I am not trying to criticize that. I am trying to see just what this is. It is a part of the poverty program; is it not?

Mr. FITZGERALD. We hope it will help those farmers who in the situation of poverty; yes.

Mr. POAGE. I think we can understand what you are telling us. I think it is a part of the poverty program. We are being told to change what I think has been a very splendid program and has been

a very helpful program. I think that the conservation program has been extremely helpful.

Mr. FITZGERALD. Yes, sir.

Mr. POAGE. And I cannot believe that if you make a poverty program out of it that you are going to have a very effective conservation program. You may have a very desirable program; that is not the point at all, but the point is: Do we want to wipe out one of the programs that I think has been one of our very best programs?

Mr. FITZGERALD. Mr. Chairman, under the present program, with the small cost-share increase in the formula, the man who does the least amount of conservation work will get the small pay increase, even though he is a multimillionaire.

Mr. POAGE. Maybe we ought to change that; maybe we ought to wipe that out.

Mr. FITZGERALD. That is what the bill is.

Mr. POAGE. We ought to wipe that out. But then you mentioned paying 80 percent to the small fellow. There is no indication of 80 percent in this, is there?

Mr. FITZGERALD. I am telling you what is in the practice this year.

Mr. POAGE. I know. You just answered my question.

Mr. FITZGERALD. Yes, sir.

Mr. POAGE. But they could pay 380 percent, the Secretary could, could he not?

Mr. FITZGERALD. I guess probably he could. The funds would not go very far, if he did.

Mr. POAGE. I am talking about what we are being called upon to pass here as a law. You are asking us to pass a bill that would allow the Secretary to pay 500 percent of the cost.

Mr. FITZGERALD. No more than he could do at the present time, sir.

Mr. POAGE. He can?

Mr. FITZGERALD. The enactment of this bill would not give him any more authority to pay, any more authority than he now has.

Mr. POAGE. He could pay it all, could he not?

Mr. FITZGERALD. I guess that he could, in any event, whether the bill was passed or not; yes, sir.

Mr. POAGE. If he can do it without the bill being passed, as you say, why do we want this bill then?

Mr. FITZGERALD. He does not want to pay 300 percent or 100 percent or 200 percent.

Mr. POAGE. Why do we not put in here that he cannot pay more than 50 percent? Why do we not do that?

Mr. FITZGERALD. Because we think that in order to get conservation on some farms, we are called upon to pay more than 50 percent.

Mr. POAGE. I know that, but that is not what you are wanting. You are not trying simply to pay enough to get conservation on all of the farms. That is not what you are trying to do, is it?

Mr. FITZGERALD. On as many farms as we can.

Mr. POAGE. You are trying to pay more money to people who have less than \$3,000 income per year. That is what you are trying to do, is it not?

Mr. FITZGERALD. We think that this will help accomplish it.

Mr. POAGE. If you were interested in getting more conservation, you would pay more on every farm, would you not?

Mr. FITZGERALD. Yes; I think that would help.

Mr. POAGE. Does anybody else want to ask any questions?

Mr. Callan?

Mr. CALLAN. Is this \$3,000 gross or net?

Mr. FITZGERALD. It is gross.

Mr. CALLAN. Gross?

Mr. FITZGERALD. At the present time, yes.

Mr. POAGE. It could be net, though, could it not?

Mr. FITZGERALD. Strictly administratively, it could have been \$3,000 net or \$4,000 or \$5,000 or \$10,000.

Mr. CALLAN. You could have a situation where you would have a big farmer with less than \$3,000, and if you put it on the net basis, you could have a big farmer who could qualify in particular years.

Mr. FITZGERALD. That is true; yes, sir.

Mr. CALLAN. Should we not spell out what it is?

Mr. FITZGERALD. It is gross income in the regulations.

Mr. CALLAN. Is it gross in the regulations?

Mr. FITZGERALD. Yes.

Mr. CALLAN. Why do we not spell that out in the bill?

Mr. FITZGERALD. There may need to be changes from our present practice.

Mr. CALLAN. Thank you. That is all.

Mr. POAGE. Are there any other questions?

Is there anyone else who wants to be heard on this bill?

Mr. FITZGERALD. I might say, Mr. Chairman, if you will allow me, that this bill; that is, that this formula which is now in the bill which we seek to have repealed, evidently was put in to help the poor people.

Mr. POAGE. I am not denying that, but we have what we know as a poverty program today. I was simply asking you if you were not making this conservation program a part of the poverty program.

Mr. FITZGERALD. We think that we are getting more conservation on the land, by helping more those people who are in a relatively poverty stricken situation.

Mr. POAGE. Does anybody else want to say anything?

Do you have anything more to say?

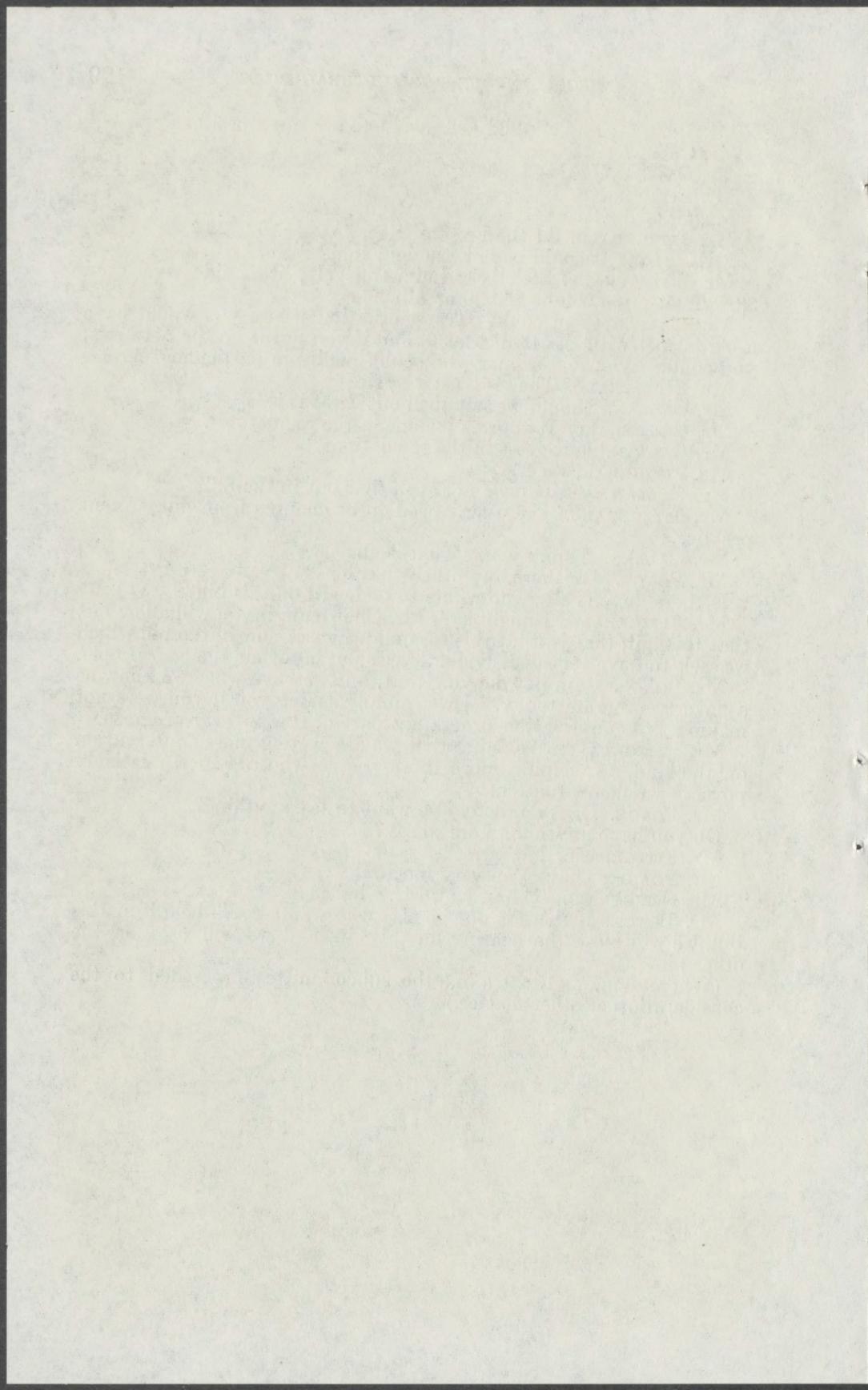
Mr. FITZGERALD. No, sir.

Mr. POAGE. Thank you very much.

Mr. FITZGERALD. Thank you, Mr. Chairman.

Mr. POAGE. If there is no one else who wants to be heard on this bill, we will close the hearing on this bill, and we will pass on the other bill.

(Whereupon, at 10:20 a.m., the subcommittee proceeded to the consideration of other matter.)



**H.R. 9151, TO AMEND THE CONSOLIDATED FARMERS  
HOME ADMINISTRATION ACT OF 1961, AS AMENDED,  
TO PROVIDE FOR MORE EFFECTIVE SECURITY  
SERVICING, AND FOR OTHER PURPOSES**

TUESDAY, AUGUST 30, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:20 a.m., in room 1301 Longworth House Office Building, Washington, D.C., Hon. W. J. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Stubblefield, Greigg, Callan, Bandstra, Harvey of Indiana, and Dole.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and Fowler C. West, staff.

Mr. POAGE The subcommittee will come to order. We now have before us H.R. 9151, by Mr. Cooley.

(H.R. 9151 follows:)

[H.R. 9151, 89th Cong., 1st Sess.]

**A BILL** To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for more effective security servicing, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 331 (d) (5) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting before the words "partial releases" the following: "releases of mortgage liens may be made if it appears to the Secretary that the lien of the mortgage has no present or prospective value or that its enforcement would likely be ineffectual or non-economic; and".

Mr. POAGE. Mr. J. Virgil Highfill, Assistant Administrator for Operating Loans of the Farmers Home Administration, will present his agency's views on this matter.

You may proceed, Mr. Highfill.

**STATEMENT OF J. VIRGIL HIGHFILL, ASSISTANT ADMINISTRATOR,  
OPERATING LOANS, FARMERS HOME ADMINISTRATION, AC-  
COMPANIED BY HOWARD V. CAMPBELL, ASSISTANT GENERAL  
COUNSEL, U.S. DEPARTMENT OF AGRICULTURE**

Mr. HIGHFILL. Mr. Chairman, and members of the committee, I have with me this morning Mr. Howard V. Campbell, Assistant General Counsel of the U.S. Department of Agriculture. I have a few comments that I would like to make about H.R. 9151.

We are appearing in favor of this proposed legislation.

In servicing the various kinds of loans made by the Farmers Home Administration, valueless junior liens often result from taking liens as additional security—usually real estate liens—on loans which are in trouble. These liens are usually taken on property in which there is little equity at the time but where the borrower has prospects of obtaining an equity through an increase in property values or a reduction of prior liens. As a result, from time to time, the Farmers Home Administration finds itself to be the owner of liens which have no value. This happens in cases such as the following:

(1) The borrower's equity which existed at the time the mortgage was taken as additional security is sometimes lost through failure to pay tax liens and accrual of unpaid interest on prior liens.

(2) In a few cases it develops that the borrower has defective title to the property he thought he owned at the time the mortgage was taken as additional security and the title defect decreases his interest to the point that the mortgage has no security value.

(3) Future advances are sometimes made under prior liens to the extent of taking up any value which the Farmers Home Administration's junior lien had as additional security.

(4) Sometimes a prior lienholder forecloses by court action under State law but does not comply with the Federal law requirements so the FHA junior lien is not divested, even though it has no value.

(5) In other cases a sale contract is canceled or a prior lienholder takes voluntary conveyance in lieu of foreclosures, so there is no prior lienholder to request a release from the Comptroller General of the Farmers Home Administration lien which has no value.

(6) The value of property sometimes goes down after the mortgage is taken, because of water seepage, changing cropping, or other conditions in the area, so that the equity covered by the FHA lien is gone.

In these cases in which the FHA junior lien becomes valueless, it can be released by the Comptroller General under 28 U.S.C. 2410(d) only upon request of a prior lienholder. However, that release authority is not available in cases in which there is no longer a prior lienholder.

If the holder of the prior mortgage desires to realize on such mortgage, he has the following alternatives:

1. Request the Government to release its lien. This may be done by the Comptroller General only. This requires considerable servicing by this agency in obtaining, developing, and presenting information and documents to the Comptroller General.

2. Foreclose the mortgage and make the Government a party. This is a time-consuming and expensive process for the (a) Government in view of the fact that no recovery will be made by it, and (b) the prior lienholder in those cases in which he could otherwise take a voluntary conveyance in lieu of foreclosure.

This bill will permit the Farmers Home Administration to release mortgage deeds of trust and other liens, except judgment liens obtained by the Department of Justice, whenever they become valueless.

It would be most helpful in the administration of FHA programs if the Secretary of Agriculture were given authority to release valueless liens as suggested above.

Mr. Chairman, those are the only comments that I have.

Mr. POAGE. Thank you very much.

Why do you limit this to "contract" liens—why do you not include "judgment" liens?

Mr. HIGHFILL. Mr. Campbell will have to answer that. I do not know; I have no knowledge along that line.

Mr. CAMPBELL. The Attorney General has taken the position that once litigation has been undertaken to liquidate a claim arising under the Consolidated Act and that claim has been reduced to judgment, the servicing of that judgment is exclusively in the Department of Justice. The policy of the Department of Justice has been not to release judgment liens, except upon payment of some consideration. To avoid a conflict with the authority of the Attorney General was the reason for limiting this proposed amendment to contract liens.

Mr. POAGE. I am sure that it was. And I understand the situation that you describe. Frankly, I do not like the idea of a lawyer taking over the business of his client. I do not think that is a very good practice. I have seen the Attorney General do just what you are talking about. I do not know any reason why a lawyer should make the decision as to whether this lien should be released or not. That is all that happens, as I see it, is that the lawyer, the Attorney General who is your lawyer and you are the client, makes the decision, and so far as I am concerned, that is not the way I think it should be.

Perhaps, there should be a proviso which would enable you to release a judgment, and if we did have that we might have a good thing.

Do you know any reason why you should not have that power? I know that you do not have it.

Mr. HIGHFILL. I do not know of any. Mr. Campbell may have some legal reason why we should not ask for it.

Mr. CAMPBELL. There have been a few judgments taken under circumstances which seemed to us to warrant a release, and we have not been able to persuade the Department of Justice that a release of the judgment should be made. When the owner or the prior lienholder felt that there was not enough equity in the property to warrant the payment of any consideration for the release of the judgment.

Mr. POAGE. I have observed that the Attorney General is more inclined to evaluate the political aspects of a release than the Department is, and I think that the Attorney General looks to that phase of it rather than the economic aspects of it, which seemed to me certainly, to control the situation. I wonder if you could not prepare an amendment that would include judgment liens?

Mr. CAMPBELL. I will be glad to draft such an amendment.

Mr. POAGE. Are there any other questions?

Mr. GATHINGS. I would like to ask Mr. Highfill a question: What percentage of these mortgages fall in this category as set out in the bill: "has no present or prospective value"?

Mr. HIGHFILL. How many do we have?

Mr. GATHINGS. What percentage, yes—that is, those involved in this class.

Mr. HIGHFILL. I cannot give you the percentage quickly, but I can give you a figure. Out of the number of loans that we have, we estimate—and the only thing that I can give you is an estimate—between 350 and 400 right now, of valueless junior liens that we are not able to do anything about.

Mr. GATHINGS. Out of how many?

Mr. HIGHFILL. About 91,000 loans.

Mr. GATHINGS. Thank you.

That is all, Mr. Chairman.

Mr. POAGE. That is one-half of 1 percent?

Mr. HIGHFILL. Yes, sir.

Mr. POAGE. Rather, it is less than one-half of 1 percent.

Mr. HIGHFILL. Mr. Campbell reminds me that on many of those loans for which we took additional real estate security at the time to secure the chattel loan, and now that the chattel loan has been liquidated there is a valueless real estate lien, that we are unable to do anything about, unless the prior lienholder requests the release.

Mr. POAGE. If there are no further questions, we are very much obliged to you.

I wish, Mr. Campbell, that you would give us an amendment on this.

Is there anything further to come before the committee?

Mr. HIGHFILL. No. Thank you.

Mr. POAGE. We again thank you.

We will now go into executive session.

(Whereupon, at 10:30 a.m., the subcommittee retired into executive session.)

**H.R. 15304, TO AUTHORIZE THE SECRETARY OF AGRICULTURE TO SELL THE PLEASANTON PLANT MATERIALS CENTER IN ALAMEDA COUNTY, CALIF., AND TO PROVIDE FOR THE ESTABLISHMENT OF A PLANT MATERIALS CENTER AT A MORE SUITABLE LOCATION, AND SO FORTH**

**THURSDAY, SEPTEMBER 8, 1966**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Greigg, Callan, Harvey of Indiana, Teague of California, and Hagen of California.

Also present: Christine S. Gallagher, clerk; Fowler C. West, staff; Martha Hannah, staff; and John J. Heimbürger, general counsel.

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

Mr. Edwards of California is with us this morning and we would like to make him free to go to other meetings. Although he is last on this list, we will, however, hear him first.

He is here on H.R. 15304; and I take it, Mr. Edwards, that you want to make a statement with regard to that, and then Mr. Williams will make a statement. Is that it?

Mr. EDWARDS. That is right.

Mr. POAGE. Very well.

H.R. 15304 and the Department's report dated July 8, 1966, will be made a part of the record at this point.

(H.R. 15304, introduced by Mr. Edwards of California, and the report of the Department of Agriculture dated July 8, 1966, follow:)

[H.R. 15304, 89th Cong., 2d Sess.]

A BILL To authorize the Secretary of Agriculture to sell the Pleasanton Plant Materials Center in Alameda County, California, and to provide for the establishment of a plant materials center at a more suitable location to replace the Pleasanton Plant Materials Center, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to convey to the County of Alameda, State of California, by quitclaim deed, for not less than fair market value as determined by independent appraisal, all right, title, and interest of the United States in and to the Pleasanton Plant Materials Center, situated in Alameda County, California, and the improvements thereon, which conveyance may be made subject to such reservations and upon such terms and conditions as the Secretary may deem appropriate, including the reservation of the right to continue the operation of the Pleasanton Plant Materials Center until a plant materials center to replace the Pleasanton Plant Materials Center shall be*

constructed, equipped, and ready for operation, and the functions of the Pleasanton Plant Materials Center are removed to the new site.

SEC. 2. The Secretary of Agriculture is authorized to apply the proceeds of the sale of the Pleasanton Plant Materials Center to the costs of acquiring other land or interests in land in the State of California which the Secretary deems suitable for a plant materials center to be established as a replacement for the Pleasanton Plant Materials Center, to the costs of construction and alteration of buildings, and the development of such other improvements thereon as may be necessary for the establishment of the plant materials center, and to the costs of removal to such center of the functions of the Pleasanton Plant Materials Center, including the Expenses incident to the transfer of personnel, and the removal of equipment, planting stock, and other property.

SEC. 3. Proceeds received from the sale of the Pleasanton Plant Materials Center shall be available to the Secretary until expended for carrying out this Act. Any such funds which the Secretary determines are not required for the establishment of a comparable new plant materials center as provided in this Act shall be deposited in the Treasury of the United States as miscellaneous receipts.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., July 8, 1966.

Hon. HAROLD D. COOLEY,  
Chairman, Committee on Agriculture,  
House of Representatives.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on H.R. 15304, a bill "To authorize the Secretary of Agriculture to sell the Pleasanton Plant Materials Center in Alameda County, California, and to provide for the establishment of a plant materials center at a more suitable location to replace the Pleasanton Plant Materials Center, and for other purposes."

The rapid urbanization of the area in the vicinity of the Pleasanton site necessitates consideration of the advisability of the continued indefinite occupancy of the plant materials center at this location. It is becoming increasingly more difficult to maintain the pure plant materials species being developed and improved for conservation plantings.

The Department of Agriculture strongly recommends enactment of this legislation as means of providing the continuing services of a plant materials center to serve the requirements of the Pacific Southwest coastal area and that such center be located in the State of California. This center serves the land resource areas of the Mediterranean type climate peculiar to the State of California. This winter-wet and summer-dry climate requires plant materials and cultural and management practices that differ from any other part of the United States. Plant materials centers in the bordering States of Arizona and Oregon and the State of Idaho do not serve the specialized needs of the Pacific Southwest coastal area.

This bill would authorize the Secretary of Agriculture to convey to the County of Alameda, California, for not less than fair market value, all rights, title, and interest of the United States in and to the Pleasanton Plant Materials Center. The Secretary would reserve the right to continue the operations of the Pleasanton Plant Materials Center until a plant materials center at a new location is constructed, equipped and ready for operation, and the functions of the Pleasanton Plant Materials Center are removed to the new site.

Section 2 of the bill would authorize the Secretary of Agriculture to apply the proceeds of the sale of the Pleasanton Plant Materials Center to the costs of acquiring land or interests in land in the State of California, the costs of construction and alteration of buildings, and the development of other improvements necessary for the establishment of a plant materials center at the new site, and other costs related to the removal of such center to the new site including expenses incident to transfer of personnel, planting stock, and other property. The cost of reestablishing a comparable station at a new site and the sale price of the present Center are estimated to be approximately \$800,000.

The Soil Conservation Service has operated a Plant Materials Center at Pleasanton, California, since 1939. The State of California cooperatively participates in the operation of the Center. The purpose of this Center is to develop and adapt plant species to the changing conservation needs of the western area. This Center since its establishment has developed many conservation practices and plant species that have proven to be of inestimable value to agriculture. For example, the Three-Point Range Improvement Program was conceived, developed, and introduced by the Center. The program is an economically valuable develop-

ment, extending the green feed season from six weeks to six months. Examples of some of the more important conservation plants developed by the Center are Blando brome, Lana vetch, and Wimmera 62 ryegrass. This is part of a continuing activity of conservation plant improvement including those suitable for wildlife and recreation land uses. In addition, cultural practices have been developed, fertility requirements determined, and adaptability ranges established for other species so that performance of the species can be predicted.

The necessity for continued operation of the Center at another location is recommended and concurred in by the California Department of Conservation, the California Department of Fish and Game, and the California Agricultural Experiment Station. It is essential that the capacity of this Center to meet these and other needs be continued undiminished and uninterrupted in order to serve the conservation requirements of the area.

This present Center consists of approximately sixty acres of land now surrounded on three sides by the Alameda County Fairgrounds. It is also within the commercial area of the Town of Pleasanton. Because of the encroachment of commercial and residential areas as well as proximity of public grounds, trespassing, pilferage, and vandalism have increased and could become a real problem in the operation of this Center. In addition, it is impossible to control the species of plants grown on private property by homeowners. Thus, it has become increasingly more difficult, if not impossible, to maintain the pure germ plasm production of Foundation Seed and Pinto Tag Nursery status.

The County of Alameda is very desirous of obtaining this property and has requested that it be made available to them. They have expressed their willingness to proceed on any reasonable basis to assure the acquisition and development of a suitable replacement site. In order to assure the continuation of the productive capacity of the Pleasanton site, considerable development work as well as a careful selection of land suitable to plant materials development needs is necessary. It is expected that the selection and development of a new site to full production capacity may take as long as six years.

As the above explanation of the purposes of the bill indicates, the lands on which the Pleasanton Plant Materials Center is located are not excess to the needs of this Department and are therefore not surplus in the purview of the Federal Surplus Property and Administrative Services Act of 1949, as amended. The activities of the plant materials center must be continued either at the present site or at a new location. Since the County of Alameda has an urgent need for the present site and wishes to buy the lands, and the proceeds of such a sale would provide funds that could be used to acquire a replacement site in a more suitable location than the present site for the work of the center, it would appear to be to the advantage of the Government, as well as to the local community, to authorize the sale of the present site and the use of the proceeds for the acquisition of a replacement site as provided for in the bill.

This legislation will not require additional appropriations by the Federal Government.

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

Sincerely yours,

JOHN A. SCHNITTKER,  
*Acting Secretary.*

Mr. POAGE. We will be glad to hear from you now, Mr. Edwards.

#### STATEMENT OF HON. DON EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. EDWARDS. Mr. Chairman and members of the subcommittee, I appreciate your courtesy in permitting me to come before you this morning and speak in support of H.R. 15304, a bill which I introduced in May of this year. This bill would authorize the Secretary of Agriculture to sell the Pleasanton Plant Materials Center in Alameda County, Calif., and provide for the establishment of a plant materials center at a more suitable location.

I introduced this bill because of the urgent need to relocate the plant materials center now operating within the commercial area of

the town of Pleasanton, Calif. The area near the center is rapidly being developed for housing and commercial purposes. The Department of Agriculture has had numerous requests in recent years to sell the land and relocate the Plant Materials Center. There has been much interest on the part of the county of Alameda to purchase this land which is located adjacent to the Alameda County Fairgrounds. Until now, the Department has been reluctant to move because of the difficulty of finding a suitable replacement site, the expense involved in relocation, and the time necessary to establish a new center and make it operational.

The Pleasanton site has been a rather ideal location, but this situation has changed in recent months to make this move more feasible and more desirable for all parties concerned. Because of the urbanization and buildup near the present site, it is no longer as suitable for producing high-quality foundation seed. It is becoming almost impossible to control cross-pollination from plants growing on the many small ownerships adjoining the plant materials center. Such uncontrolled plants contaminate the pure foundation seed produced at the center. Several alternative replacement sites that could be developed for a suitable plant materials center have been identified. Although the cost of land for a new site is high, the land value of the present site, which is 50 acres, makes the sale and relocation of the center financially feasible. I understand the selling price of the Pleasanton Plant Materials Center is estimated by an independent appraiser to be about \$800,000. The cost of land for a new site, the construction of necessary buildings, the development of the property, and the necessary relocation of materials, personnel, and equipment is estimated at the same figure of \$800,000.

The sale and relocation of the Pleasanton Plant Materials Center at this time would be beneficial to both the Federal Government and the county of Alameda. The county of Alameda is desirous of purchasing the land in the present site of the Pleasanton Plant Materials Center. Also, this site is no longer the ideal or even suitable location for a plant materials center it once was.

Mr. Chairman, I respectfully urge the committee to consider favorably this bill, H.R. 15304, so the necessary work preliminary to the full operation of the plant materials center at a relocated site may be underway. This authorization is most urgent because of the land-use changes now taking place in the vicinity of the present plant materials center. It is estimated that as long as 6 years may be required to purchase land, develop the new site, move and establish certain planting materials, and have the Center in full operation at the new location.

I thank you again for this opportunity to appear before your committee in support of H.R. 15304.

Mr. POAGE. Thank you, Mr. Edwards.

I wonder if you would want to go into this, or do you want Mr. Williams to discuss this matter further?

I think we would be interested in knowing what provision—I do not have a copy of the bill before me at the moment. Yes, here it is. I see it now. Does this bill provide that Alameda County shall provide a relocation for the plant?

Mr. EDWARDS. I prefer to have the gentleman from the Department of Agriculture to answer most of these questions, Mr. Chairman.

I do know that it is the intention that there will be no cost to the Federal Government and that the county is not to provide the new area, but if the question could be answered by the other witnesses, I think it would be preferable.

Mr. POAGE. We will be glad to follow that procedure.

Are there any further questions?

Mr. TEAGUE of California. No.

Mr. CALLAN. No.

Mr. POAGE. If not, we are very much obliged to have had you with us.

Mr. EDWARDS. Thank you, again.

Mr. POAGE. Mr. Williams is here with Mr. Douglas, as well as Mr. Ryerson.

We will be glad to hear from you now.

**STATEMENT OF DON A. WILLIAMS, ADMINISTRATOR, SOIL CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY DONALD DOUGLAS, HEAD, PLANT MATERIALS, AND GERALD E. RYERSON, DIRECTOR, ADMINISTRATIVE SERVICES DIVISION, SOIL CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. WILLIAMS. Mr. Chairman and members of the subcommittee, the Secretary of Agriculture has reported favorably on this bill, and I would like to present a statement with respect to it.

I want to thank you for inviting me to testify on H.R. 15304, a bill to authorize the Secretary of Agriculture to sell the Pleasanton Plant Materials Center in Alameda County, Calif., and to provide for the establishment of a plant materials center at a more suitable location to replace the Pleasanton Plant Materials Center, and for other purposes.

We have been informed by the Office of the General Counsel that the Secretary of Agriculture does not have the authority to make the sale as proposed and to utilize the funds derived from a sale of this property to acquire and develop a new site. Therefore, this legislation is necessary to effect the transfer and utilize funds received in consideration for the plant materials center.

The Pleasanton Plant Materials Center began to operate in its present location in 1939. At that time 60 acres of land were purchased under Public Law 46, the basic authority of the Soil Conservation Service. Executive Order 10516 effected the transfer of the plant materials center lands for administration under title III of the Bankhead-Jones Farm Tenant Act.

The purpose of this center was to develop new plant species and improve existing species for forage, erosion control, and soil stabilization purposes for the southwestern part of the United States. It was necessary that this center be located in the area of "Mediterranean climate" which is characterized by cool-wet winters and hot-rainfree summers. A deep medium-textured soil without water table and with favorable salt or alkali conditions was also necessary. In addition, it was imperative that irrigation water be dependable both in regard to quantity and quality. These conditions prevailed at Pleasanton. For that reason, the plant materials center was located on the land

that became available at that location in 1939. This situation has changed considerably since 1939. Recent changes in land use and related developments near Pleasanton have prompted the need for relocating the Pleasanton Plant Materials Center.

Urbanization, housing, and public use of lands surrounding the Pleasanton Plant Materials Center are incompatible with the requirements and objectives of the Center. Vandalism has become a problem. Trash, debris, and trespass from adjoining public-use areas are continuing sources of irritation and annoyance.

The State of California has established certain requirements and standards for the production of high-quality foundation seed that it certifies. Included is the requirement of isolation of plant species to keep foundation stock pure and to prevent contamination and cross-pollination from blooming plants on adjacent lands. This isolation is no longer possible with the many small ownerships adjoining the Pleasanton site.

Alameda County has made repeated requests that the Department of Agriculture make the property available to them. They have acquired, by condemnation, the private properties on the south and west of the center. They feel the center property is essential to the full development of their facility. The Department has declined these requests on previous occasions but now feels, for the reasons stated above, that it is to the advantage of both the Federal Government and Alameda County to relocate the plant materials center.

There is a necessity for the continued operation of the center at another location and such is recommended and concurred in by the California Department of Conservation, California Department of Fish and Game, and the California Agricultural Experiment Station.

There are high-priority conservation needs and problems in the State of California that are as yet unsolved. The center program includes the following projects as part of a continuing activity of conservation plant improvements:

(a) Fire-resistant plants for reseeding burns. About 1 million acres of California range and woodland are burned each year, resulting in erosion and sedimentation problems.

(b) Plants for conservation purposes that will also contribute to beautification and recreation uses on the 250,000 acres now included in watershed projects.

(c) Food plants for waterfowl and cover plants for upland game that will also serve soil conservation objectives. Suitable waterfowl food plants on the margins of some 12,000 stock water ponds in California soil conservation districts will make the 25,000 surface acres attractive hunting and productive breeding areas as well as prevent or reduce erosion of disturbed areas.

Other USDA Conservation Service plant materials centers located in bordering States cannot serve the needs of the State of California. The Pleasanton Center serves the land resource areas of the Mediterranean-type climate peculiar only to the State of California. This winter-wet and summer-dry climate requires plant materials and cultural and management practices that differ from any other part of the United States. Plant materials centers now located in the bordering States of Arizona, Oregon, and Idaho do not and cannot serve the specialized needs of the Pacific Southwest coastal area.

The transfer of the plant materials center to a new location, including the selection, procurement, and development of a new site to full productive capacity may take as long as 6 years. Acquiring land and getting occupancy is a time-consuming process. Land at the new site will need to be leveled and an irrigation system installed to provide precise water control for the small fields used in the specialized plant materials operation. A program of weed control, clean-up crops, and green manure crops will follow land leveling. Plans will need to be developed and buildings and facilities constructed for the new plant materials center to become fully operative.

Agreements with adjoining landowners must be arranged to insure isolation of seed crops. Seed fields need to be established on the new location before production can be abandoned on the Pleasanton Center. Many vegetable materials in observational nurseries will be dug, transported, and replanted when the new land is ready. There is a need to continue observations on presently established studies at Pleasanton for 2 to 4 years to complete certain projects.

It is planned to conduct both irrigated and nonirrigated work on the larger acreage at the relocation site. Pleasanton has been used for irrigated work exclusively, with dryland work being carried out on leased land at nearby Sunol. Currently, agencies of the State of California contribute nearly one-half of the financial support of the operation of the plant materials center making possible a greater range and scope of activities at a minimum Federal expenditure.

The conditions at the Pleasanton Plant Materials Center indicate this is an opportune time to sell the Pleasanton Plant Materials Center and relocate the center at another site.

The county of Alameda is desirous of purchasing the land at the present site and the Soil Conservation Service is experiencing difficulty in carrying out the operation in an efficient manner because of the buildup and industrialization near Pleasanton. Also, preliminary estimates and appraisals indicate that the relocation of the Pleasanton Plant Materials Center can be accomplished without the appropriation of Federal funds.

If the committee is so inclined, we would be pleased with a favorable consideration of this bill to sell and relocate the Pleasanton Plant Materials Center.

I thank you for this opportunity to appear before this committee and would be pleased to answer any questions you may have.

Mr. POAGE. Mr. Williams, I am not sure I understand the nature of this operation. Frankly, it seems to be pretty largely a State operation. What does the State of California have to do with it?

You say that they pay one-half of the operating costs, but that they do not have any ownership in it; is that correct?

Mr. WILLIAMS. That is correct, Mr. Chairman. The 60 acres referred to by Congressman Edwards is owned by the Government. There are five buildings on the site, and the site is operated to test out new plant materials for conservation purposes. The State of California contributes, roughly, \$30,000 per year to the Soil Conservation Service to help with the actual operation of the site.

Mr. POAGE. Well, now, is this unusual or is this the ordinary practice? I did not know that you ran your Service in that way. I am just trying to understand what you do. I know that, in my own part of the country, the State of Texas has a rather large grassland

experiment station, as you know, and you do not put up anything, do you?

Mr. WILLIAMS. That is correct. That particular location, Mr. Chairman, is not among the 20 plant materials centers in the United States. There is one in Texas, however, located at Knox City, which is operated by the SCS, with cooperative arrangements with the Texas Agricultural Experiment Station. The one at Knox City is serving a purpose in that climatic area, and is one that we feel should be continued. There are 20 others that now exist, including the one at Pleasanton.

Mr. POAGE. I understand the necessity of having them scattered around the country; I fully understand that, I think, but I did not understand the financial relationship—whether there is any general pattern or whether this is an unusual situation or whether you have a general pattern for the support of these institutions.

Mr. WILLIAMS. This is somewhat unusual, Mr. Chairman. Actually, of the 21 plant materials centers, 18 of them are operated by the Soil Conservation Service, some of them without any financial participation by the local or State governments but with cooperative arrangements with experimental stations with respect to the work.

The State of California several years ago felt that the interest of the State was such therein that plant materials centers were needed to expand the work beyond what we were able to fund as being desirable, and, therefore, entered into this arrangement whereby the State has been putting additional funds. This means that we are able to carry out more work there than we would otherwise be able to do, and it has been a highly satisfactory arrangement, so far as we are concerned. We have not required this kind of cooperation of other locations. We have welcomed it where it has been possible.

Mr. POAGE. It is true, I take it, that this is a rather unusual climatic, geographic situation, is it not?

Mr. WILLIAMS. That is correct.

Mr. POAGE. All of the so-called Mediterranean climate that I know of in the continental United States is in the State of California, is it not?

Mr. WILLIAMS. That is correct.

Mr. POAGE. So that the benefits of the work done here is confined almost entirely to the State of California.

Mr. WILLIAMS. There is some carryover that may accrue to other parts of the Southwest, but it is particularly adaptable to the Mediterranean climate.

Mr. POAGE. Yes. There is no provision in this bill that Alameda County or the State of California will secure another site for this purpose. The provision is, as I understand it, that you are authorized to sell this site to Alameda County and then to take the proceeds, whatever they may be, and go out and do the best you can in securing another site.

What does Alameda County need this site for?

Mr. WILLIAMS. Actually, for county purposes. My understanding is that it is to increase the size of the county fairgrounds among other things, but its total purposes are for the county government, including that recreational-type purpose. Perhaps Congressman Edwards can expand more on that particular point than I can.

Mr. EDWARDS. The county of Alameda now has a population of about 1,160,000. This is the only county fairgrounds and there is a

great need for expansion. Homes have grown up all around. These 60 acres are in the center of the fairgrounds, and so it is for the expansion of the fairgrounds.

Mr. POAGE. Now, you are going to sell this and you are going to go out and buy in the competitive market; is that not right?

Mr. WILLIAMS. That is what we would do; yes, sir.

Mr. POAGE. Would it not be wise to require that Alameda County secure a parcel of land and let you swap with them?

Mr. WILLIAMS. We gave that consideration. One of the difficulties is that there is no other location in Alameda County, which is suitable in view of the total circumstances. It appears that it is going to be necessary to go outside of Alameda County but within the same general soil area, moving away from the population centers to secure the land. We have not, I think rather obviously, specified a particular site at this time, because there was a possibility that the land values might be jacked up; but we have determined that there are other sites available and that this move can be made, and probably will still leave some residue to be returned to the Federal Treasury. We would propose to move to an area that has suitable soil and climate. The full cost of acquiring the land, constructing the buildings, and making the move, could be made within the estimated amount of the appraisal of \$800,000 for the site in Alameda County.

I think there are limitations, Mr. Chairman, upon the ability of the county of Alameda to acquire land outside of the county.

Mr. POAGE. There are limitations on you, too. You are going to have to acquire the land and, instead of paying what you now consider the market value, you will pay about twice that much when you find this land, unless you have the power of condemnation—which you do not have, do you?

Mr. WILLIAMS. Our Assistant General Counsel is here, who can answer that question better than I. I do not know.

Mr. CAMPBELL. There is no right of condemnation; there is no power of condemnation in title III of the Bankhead-Jones Act.

Mr. POAGE. I did not think so. And without the power of condemnation, you are not going to be able to buy this land for anything like what you are talking about, in my judgment. It just seems to me that it would be wiser to require that the people who wanted this trade to be made to at least get you an option on some land that you could buy. I think you will be giving up a valuable piece of land and will be going out to pay a lot more for replacement. If they will get you an option, it would be better.

I understand that Alameda County, probably, cannot go out and buy this land in some other county somewhere else, but, certainly, if this thing is as important as it seems to be to the local people, they could go out and take an option on a site that you wanted somewhere and transfer it to you when you transferred this land to them, and let you know what that land is going to cost.

Unless you know that you are going to be able to buy this land for \$400,000 and put up \$400,000 of buildings on it, or something of that kind, my judgment is you are going to be right back here—or rather before the Appropriations Committee—asking for one-half million dollars to make up the deficit or the loss in this trade.

Mr. WILLIAMS. I think your point is well taken, Mr. Chairman. Certainly, so far as I am concerned, and so far as I know, the intent

of Alameda County will be to be sure that a final arrangement is fully satisfactory. This bill would authorize making the sale. It does not specifically demand that it be made. I think an arrangement can be worked out within the 6-year period that will be satisfactory to all parties.

Mr. POAGE. Mr. Edwards, is it possible to have some local group, such as the chamber of commerce or a group of private individuals—is it possible for them, speaking for the county, to get an option on a desirable piece of property for the Department before you buy the land or at the same time that you buy the land for the county?

Mr. EDWARDS. I would presume, Mr. Chairman, that inquiry has already been made by the people out there and that a suitable piece of property can be provided. I would point out, too, to the committee that we are talking about the sale price of this land, which is in excess of \$12,000 or \$13,000 an acre, for the 60 acres. It is an immensely valuable piece of fertile land. And the agricultural land that would be purchased as replacement would be of substantially less value. I do not know why the price of the new land must necessarily spiral upward.

Mr. POAGE. I do not know why it does, but it always happens. We all know what is going to happen when the Federal Government gets caught out there without any home, as it were. You are going to buy this land and you are going to take title to it now, as I understand it. You can buy it for \$800,000.

If I see this thing correctly, Mr. Williams could fool around there 5 or 6 years, and about 6 years from now he will be over there somewhere seeking to buy the land required. Instead of buying it at one-half of the price that he sold this for, it will probably cost him 50 percent more than what he sold this for.

Mr. WILLIAMS. Perhaps I could pursue this just a little bit further.

While we, obviously, have not made our intent known to actually purchase a particular tract, we do have some sites in mind. We know what they can be bought for in the near future, and it would be our plan that we move rather quickly to do that, but that we would be sure that the interests of the Soil Conservation Service and the Federal Government would be taken into account, before a final deal is arranged.

Mr. POAGE. You have several sites that you have in mind?

Mr. WILLIAMS. That is correct.

Mr. POAGE. That is good.

Mr. TEAGUE of California. On this point, it has been my experience that Senator Morse will look with a very jaundiced eye on such as this and, should this bill be approved by the committee, I suggest that you have a very convincing case, which is favorable, so far as the Federal Government is concerned.

Mr. HAGEN of California. May I ask a question?

Mr. POAGE. Certainly.

Mr. HAGEN of California. Would the San Joaquin Valley be a good location for this experimental development?

Mr. WILLIAMS. Yes, sir. Within that general area we should not have very much difficulty in locating suitable land. From the standpoint of the price that would be paid, we will have to be very careful that we do not get into any kind of a bind on that.

Mr. HAGEN of California. For example, the southern San Joaquin area is more Mediterranean in climate than Alameda County; is that not correct?

Mr. WILLIAMS. I do not know that I can personally answer that question.

Mr. Douglas, do you have a comment on that?

Mr. DOUGLAS. Yes, it is more Mediterranean. But since we are attempting to serve all of the State of California, a more central location might be more desirable.

Mr. TEAGUE of California. If my friend Mr. Hagen, will yield, I will say that San Joaquin Valley is, certainly, a lovely desert. But Ventura and Santa Barbara Counties are much more Mediterranean in nature.

Mr. HAGEN of California. I will agree with that.

How many employees are involved in this operation?

Mr. WILLIAMS. There are five professional people, and some seasonal help.

Mr. HAGEN of California. It is conceivable that you might even get a donation from them out there, in regard to this—in regard to your location. Have you thought of that?

Mr. WILLIAMS. That has not been my recent experience in California.

Mr. HAGEN of California. With such a valuable facility like this, you might be able to get the land donated.

Mr. WILLIAMS. I assure you that we will make the best deal that we can and save as much of the \$800,000-plus-or-minus that we can.

Mr. HAGEN of California. I would like to ask Mr. Edwards a question: This property is surrounded on three sides by the Alameda County Fairgrounds?

Mr. EDWARDS. That is right.

Mr. HAGEN of California. Who owns the fairgrounds property, the county or someone else? Actually, it is an agricultural district?

Mr. EDWARDS. The county.

Mr. HAGEN of California. But the fair is operated not by the county but by the district.

Mr. EDWARDS. That is right. The board of supervisors exercises major control.

Mr. HAGEN of California. They do?

Mr. EDWARDS. Yes.

Mr. HAGEN of California. And they desire the Federal Government to dispose of this?

Mr. EDWARDS. The board of supervisors is very anxious to dispose of the property so that the fairgrounds can be increased in size to take care of the rapidly expanding population.

I think that the members of the subcommittee know that this is a very beautiful area where William Randolph Hearst built his castle.

Mr. HAGEN of California. And horseracing has become very popular.

Mr. EDWARDS. There is a modest amount of horseracing there.

Mr. POAGE. Are there any further questions?

Mr. HARVEY?

Mr. HARVEY of Indiana. I want to state that I fully concur in your suggestion, Mr. Chairman, to the Soil Conservation Service and Mr. Williams. I do not think that this is as simple, possibly, as set forth in your testimony, the process of making the exchange. I am

certainly not opposed to it, but normally the procedure is that when the Federal Government sells a piece of real estate such proceeds must revert to the Federal Treasury. Then the expenditure for a new site would have to come through the appropriations process—is that not correct?

Mr. WILLIAMS. That is one reason that legislation is needed, so that the proceeds from this sale will not need to be returned to the Federal Treasury, except the excess of the amount needed to make the move.

Mr. HARVEY of Indiana. I am not too sure, quite frankly, that we are not setting a bad precedent in such a move.

Mr. POAGE. It seems to me that it would be wise to know you could get the needed new land at a definite price.

Mr. HARVEY of Indiana. I just want to reiterate and reinforce your statement in this respect, that I think if you want to accomplish this exchange expeditiously, you could and should very well have an arrangement in being, and then be given authorization for such an exchange arrangement. I think that might facilitate your effort and might make it a lot cheaper, too.

Mr. HAGEN of California. Would there be any difficulty in locating this operation near one of the agricultural schools like Davis and Cal Poly?

There might be some mutual advantages there.

Mr. WILLIAMS. Full consideration has been given to that. There has been full cooperation with the agricultural experiment station on this whole arrangement. The financial contribution by the State is indicative of this. The technical service input from the university is very substantial.

Consideration has been given to the soil, climate, and other factors, as well as to the intended uses of the land, that the university now has in that location. It was the multiple judgment, I believe, that it would not be practical for the university to contribute as much land as is required to take care of this particular purpose, coupled with the soil requirements and the other factors involved.

I would like to make this further observation to Mr. Harvey. We appreciate very much those cautions, and we have been very conscious of them. For several years, the Federal Government particularly the Soil Conservation Service, has strenuously resisted the selling of this property, but we do believe that this has now reached a stage where there is an opportunity to fully meet the needs of the Federal Government and also meet the needs of Alameda County and, in fact, to return some money back to the Treasury. We are very conscious of the need for all of the cautions that the chairman and Mr. Harvey have pointed out to us, and we appreciate them.

Mr. TEAGUE of California. Mr. Hagen's suggestion leads me to say this regarding a location that is no longer in my district—namely, Camp San Luis Obispo—a military installation. I am not thoroughly aware of the nature of the soil there, but I do know that the Federal Government right now has thousands and thousands of acres there with only a very small military installation on it, with a small cadre of military people there.

Mr. WILLIAMS. Mr. Teague, I can assure you that we have been looking into this and will do more looking. Unfortunately, you do

not have the soil, in spite of the wonderful climate, that we need for this operation. But we will make a further study of your suggestion.

Mr. POAGE. Are there any further questions?

If there are no more questions, Mr. Williams and Mr. Douglas, we thank you very much.

Do you care to make a statement, Mr. Douglas?

Mr. DOUGLAS. No, sir.

Mr. POAGE. All right. If not, if there are no further questions or comments, we thank you, again.

Mr. WILLIAMS. Thank you.

Mr. DOUGLAS. Thank you.

Mr. EDWARDS. Thank you, Mr. Chairman.

Mr. POAGE. The committee will take the matter under consideration.

We will now proceed to further business before the subcommittee. (Whereupon, at 10:30 a.m., the subcommittee proceeded to the consideration of other matter.)



H.R. 13863, TO SIMPLIFY THE REQUIREMENTS OF SECTION 8(g) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT WITH RESPECT TO ASSIGNMENTS EXECUTED TO SECURE LOANS FROM FEDERALLY INSURED BANKS

THURSDAY, SEPTEMBER 8, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:40 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Greigg, Callan, Harvey of Indiana, and Teague of California.

Also present: Christine S. Gallagher, clerk; Fowler C. West, staff; and John J. Heimbarger, general counsel.

Mr. POAGE. We will now consider H.R. 13863 by Mr. Gathings.

Mr. Gathings told me he would be a little late coming in this morning. I see Mr. Cox is here, and I think we might hear from him now and await Mr. Gathings' appearance.

(H.R. 13863 introduced by Mr. Gathings and the departmental reports dated August 23, 1966, follow:)

[H.R. 13863, 89th Cong., 2d Sess.]

A BILL To simplify the requirements of section 8(g) of the Soil Conservation and Domestic Allotment Act with respect to assignments executed to secure loans from federally insured banks

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. Section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) is amended by striking the second sentence and inserting in lieu thereof: "Such assignment shall be signed by the farmer and witnessed by a member of the county or other local committee, or by the treasurer or secretary of such committee, except that where the assignee is a bank whose deposits are insured by the Federal Deposit Insurance Corporation, or a production credit association supervised by the Farm Credit Administration, such assignment may be witnessed by a bonded officer of the lending institution. Such assignment shall be filed with the county ASCS committee."

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., August 23, 1966.

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

DEAR MR. CHAIRMAN: This is in reply to your request of March 29, 1966, for a report on H.R. 13863, a bill "To simplify the requirements of section 8(g) of the Soil Conservation and Domestic Allotment Act with respect to assignments executed to secure loans from federally insured banks."

This Department recommends that the bill be passed with suggested amendments.

The bill broadens the authority as to who may witness the signature of a farmer wishing to assign a program payment by providing that if the assignee is a bank whose deposits are insured by the Federal Deposit Insurance Corporation, or a production credit association supervised by the Farm Credit Administration, the assignment may be witnessed by a bonded officer of the lending institution. Present law limits the authority to witness signatures to a member of the county or other local committee, or the treasurer or the secretary of such committee.

We are in favor of the changes proposed but also recommend that all of section 8(g) be rewritten to further simplify the handling of assignments, update its provisions and authorize that, if the assignee is the Farmers Home Administration, the assignment may be witnessed by a bonded official of that agency. A copy of the proposed wording is enclosed.

These changes would expand the purposes for which an assignment is authorized to include handling or marketing an agricultural commodity or performing a conservation practice. Employees of the county committee would be permitted to witness the farmer's signature. Specific authority would be added for the Secretary of Agriculture to prescribe necessary regulations.

It is believed that the enactment of this proposed legislation would result in no additional cost.

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

Sincerely yours,

JOHN A. SCHNITKER,  
*Acting Secretary.*

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED ASSIGNMENT  
OF PAYMENT

8. (g) A payment which may be made to a farmer under this section, may be assigned, without discount, by him in writing as security for cash or advances to finance making a crop, handling or marketing an agricultural commodity, or performing a conservation practice. Such assignment shall be signed by the farmer and witnessed by a member of the county committee or by an employee of such committee, except that where the assignee is a bank whose deposits are insured by the Federal Deposit Insurance Corporation, the Farmers Home Administration, or a production credit association supervised by the Farm Credit Administration, such assignment may be witnessed by a bonded officer of the lending institution. Such assignment shall be filed with the county committee. Such assignment shall not be made to pay or secure any preexisting indebtedness. This provision shall not authorize any suit against or impose any liability upon the Secretary or any disbursing agent if payment to the farmer is made without regard to the existence of any such assignment. The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this subsection. (16 U.S.C. 590h(g).)

FARM CREDIT ADMINISTRATION,  
*Washington, D.C., August 23, 1966.*

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

DEAR CHAIRMAN COOLEY: This is in reply to your request for a report on H.R. 13863, a bill "To simplify the requirements of section 8(g) of the Soil Conservation and Domestic Allotment Act with respect to assignments executed to secure loans from federally insured banks."

Section 8(g) of the Soil Conservation and Domestic Allotment Act now requires an assignment of a payment made under that section to be signed by the farmer, witnessed by a member or by the treasurer or secretary of the county or other local committee and filed with the county agent or the county committee. The bill would change the witnessing procedure by providing that where the assignee is a bank whose deposits are insured by the Federal Deposit Insurance Corporation, or a production credit association, such assignment may be witnessed by a bonded officer of the lending institution.

The production credit associations, of which there now are 471 in the United States, are supervised by the Farm Credit Administration. These associations are

engaged in making short- and intermediate-term loans to farmers and ranchers. Not infrequently, as security for a loan an association will take an assignment of moneys due or to become due the farmer-borrower of the type with which section 8(g) is concerned. The present method of accomplishing such assignment is cumbersome. After a farmer has arranged for a loan, he must go to the county office in order to have the assignment witnessed by a member or officer of the county or other local committee. This may be some distance from the point at which the loan is made.

Under the procedure contemplated by the bill, the assignment of payments covered by section 8(g) could be accomplished in the offices of the lending institutions. This we believe to be desirable and, therefore, we would recommend the enactment of H.R. 13863.

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

Very truly yours,

R. B. TOOTELL, *Governor.*

Mr. POAGE. We will be glad to hear from you now, Mr. Cox.

**STATEMENT OF CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR, STATE AND COUNTY OPERATIONS, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY EVERETT H. F. FELBER, DIRECTOR, FARMER PROGRAMS DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. Cox. Mr. Chairman, and members of the subcommittee.

I have with me Mr. Everett H. F. Felber, director of the Farmer Programs Division of the ASCS.

The Department has previously submitted a favorable report on this bill, with some suggested amendments which would clarify the authority of the Secretary in certain respects and, also, further the efforts that the Congressman is making to expedite the handling and consideration of assignments.

My name is Charles M. Cox. I am Assistant Deputy Administrator, State and county operations, of the Agricultural Stabilization and Conservation Service. It is a pleasure for me to be with you this morning and present the views of the Department of Agriculture on H.R. 13863, a bill to simplify the requirements of the Soil Conservation and Domestic Allotment Act with respect to the making of assignments.

The present act provides that an assignment must be signed by the farmer and witnessed by a member of the county or community committee or by the treasurer and the secretary of such committee. This bill would provide authorization for an assignment to be witnessed by a bonded officer of the lending institution if the assignee is a bank whose deposits are insured by the Federal Deposit Insurance Corporation or a production credit association supervised by the Farm Credit Administration. It would make the execution of assignments simpler by increasing the number of persons eligible to witness the signatures of assignors. At the same time, it would continue as witnesses, persons who are of high repute in the community and to whom the assignor is known.

The Department supports the principle of the bill. However, we suggest that it go further and more completely update the provisions of this section of the act by:

(1) Authorizing any employee designated by the county committee to witness assignments rather than the secretary or treasurer. This will further expedite the witnessing of assignments.

(2) Including the Farmers Home Administration in the list of lending agencies which may have its officers witness assignments.

(3) Providing specific authority for the Secretary to issue implementing regulations. This authority is now exercised by the Secretary under general authority.

(4) Expanding purposes for which assignments are authorized to include the handling or marketing of an agricultural commodity and the carrying out of conservation practices. At the present time section 8(g) provides for making assignments as security for cash or advances "to finance making a crop." Permitting a producer to use assigned payments for the handling and marketing of a crop is just as important to the basic objective of this part of the act as is the actual growing of the crop. In fact, it is frequently quite difficult to tell where growing ends, and handling, and the marketing process commences.

I will be glad to answer such questions as you may have.

Mr. POAGE. Suppose you tell us what this bill does and what the need of it is.

Mr. Cox. All right, sir.

The main thing that Congressman Gathings has in mind—the main thrust—is to make it possible for more people to witness assignments which are provided for under section 8(g) of the Soil Conservation Service and Domestic Allotment Act. The additional people that he provides for are officers of banking institutions which are members of the Federal Deposit Insurance Corporation, and also officers of the PCA of the Farm Credit Administration.

What he has in mind is that farmers who wish to assign their payments may do so without having to come to our county ASCS office. At the same time he would insure that signatures are witnessed by responsible people.

What the Department has suggested is that we add to this officers of FHA and also any employees of our county ASCS office who are designated and approved by the county committee for the purpose.

We have also suggested, Mr. Chairman, that as long as we are amending the bill that we give specific authority to the Secretary to issue regulations in connection with this authority and that we expand the purposes for which the assignments can be given to include not only the making of crops but also the handling and the marketing of the crops and the carrying out of conservation practices on the farm. We think this is in the direction of clarification of what we are doing now.

Mr. POAGE. I see that there is a limitation in here, that if the assignee is a bank insured by the FDIC or a production credit association, supervised by the Farm Credit Administration, such assignment may be witnessed by a bonded officer of the lending institution.

Mr. Cox. We have no objection to this particular provision, Mr. Chairman. That is a part of Congressman Gathings' bill. I presume what he had in mind was to be sure that we had a responsible person witnessing signatures.

Mr. POAGE. I mean this: I do not see why, when you are going to assign something to a bank, you have to have my name witnessed by an officer of the bank. It seems to me that I could make the assignment, and Mr. Teague, as an officer of the bank, would not have to witness it. Frankly, why all of these limitations on who can witness a name?

In the first place, you do not ordinarily have any witness. The banker can read and write, and the man can write and sign his name. The purpose of a witness to a signature, as I understand it, is an outgrowth of the day when most folks could not write—they could make an X, and somebody witnessed the fact that that X meant "John Doe."

What is the necessity of all of this witnessing anyhow?

Mr. COX. I suspect that one of the problems is that this was an original provision in the act that is being amended here, and it has been continued by both Congressman Gathings and by us.

Mr. POAGE. Is there any useful purpose to be served by it?

Mr. COX. I think, perhaps so, because one of the things that we require is that the person who is doing the witnessing, as a matter of administration, is required by us to explain to the person who is giving the assignment what is involved.

Mr. POAGE. Were you ever a notary public?

Mr. COX. No, sir.

Mr. POAGE. I was. The Texas law is very plain about how you explain their rights and the like to a married woman.

Mr. TEAGUE of California. Did you do all of that for your 25-cent fee?

Mr. POAGE. Certainly, just like these witnesses will. [Laughter.]

Mr. COX. Unfortunately, we still have a number of people who utilize the assignment authority who cannot sign their name and who have to sign by a mark.

Mr. POAGE. I understand the necessity of witnessing something where the person cannot write. I am not even objecting to requiring that the signature be witnessed, but to single these things out and to disqualify witnesses and qualify other witnesses and the like, I do not understand.

Mr. COX. I am well acquainted with that.

Mr. POAGE. We have a situation here in the House where I am arguing with the Clerk about the signing of five pieces of paper.

Mr. COX. I am well acquainted with that procedure.

Mr. POAGE. I do not see why we should not break up some of this redtape, and this is a good time to cut some of it.

Mr. COX. You will not get any objection out of me.

Mr. POAGE. Good. Then you would not object if we just cut out all of this proposition of requiring whoever it was having their signature witnessed by certain officials?

Mr. COX. I believe it would be unfortunate to eliminate the witness.

Mr. POAGE. I am not suggesting that, but to go further than that.

Mr. HEIMBURGER. May I ask a question?

Mr. POAGE. Yes.

Mr. HEIMBURGER. When there is an assignment under this authority of subsection 8(g), does the Government then make the check directly to the assignee?

Mr. COX. Yes.

Mr. HEIMBURGER. Instead of to the farmer?

Mr. Cox. That is right.

Mr. HEIMBURGER. Simply on the basis of a piece of paper that claims that this was assigned?

Mr. Cox. Yes. We do require a statement, Mr. Heimburger, from the assignor that he has actually made the advance—I mean from the assignee.

Mr. HEIMBURGER. Yes, from the assignee.

Mr. COX. Yes.

Mr. HEIMBURGER. Thank you.

Mr. POAGE. Let me ask you something that has nothing to do with this bill before us. I have often wondered why you folks could not handle things like businessmen handle them.

Why could you not simply make these payments through the bank when the owner gives you proper authority—I recognize that you cannot do it without authority, but in an instance where I am entitled to a certain amount of money and the tenant is entitled to a certain amount of money, why could you not send my check direct to a bank I designate to be deposited, or have it deposited for me, instead of having it forwarded around where it has to go to my home address and then has to be forwarded around three or four more times, and with a good chance of getting lost, and then I have to send it back to the bank. Why do you not apply that to my account instead of sending it around to everybody, if I gave you the authority to deposit it?

Mr. Cox. I see no good reason why we could not send your check wherever you directed us to send it.

Mr. POAGE. Will you do it?

Mr. COX. Yes, sir.

Mr. POAGE. I have never known that to be done.

Mr. COX. Why do you not test it?

Mr. POAGE. I will. I will do it shortly.

Mr. COX. OK. But you let me know that you are going to test it, so that I am sure that it will work.

Mr. POAGE. Thank you.

Are there any further questions on this matter?

If not—Mr. Gathings has not yet arrived, but we can hear Mr. Gathings whenever we take it up in executive session.

Mrs. GALLAGHER (clerk). I just checked with his office about 10 minutes ago, and they said that he was on his way. They said that he was going to be late, but said that he would be in the committee in ample time.

Mr. POAGE. We might go ahead and consider these other two bills in the meantime.

We are very much obliged to you, gentlemen. Thank you for coming up here.

Mr. Cox. Thank you.

Mr. POAGE. We are not condemning you for these practices. We just want to make it easier for everybody involved.

Mr. Cox. Anything you can do, Mr. Chairman, to expedite the consideration of Government business, we will appreciate as much as anybody else.

Mr. POAGE. We will now hear from the author of the bill, our colleague, Congressman "Took" Gathings.

STATEMENT OF HON. E. C. GATHINGS, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF ARKANSAS

Mr. GATHINGS. Mr. Chairman, this legislation is most desirable to simplify the procedure in handling of assignments by our farmers and eliminate numerous trips to the ASCS county office. Farmers object to these trips as time-consuming and unnecessary governmental procedure. The creditors as well as the farmers should be given consideration in obtaining assignments. The production credit associations in Arkansas and many banking institutions brought this matter to my attention urging correction to the end that legislation be enacted in this session to simplify this paper work and avoid trouble and extra effort on the part of farmers in making trips to the various county ASC offices.

Another thing that should be given consideration, as I see it, is the county offices themselves are very busy and in many instances the staffs are inadequate to handle the increased workload. Legislation such as H.R. 13863 would eliminate quite a lot of extra work which these employees are now performing.

A letter was received by Chairman Harold D. Cooley from Gov. R. B. Tootell which favors the enactment of this legislation. The Department of Agriculture is favorable to the proposal with an amendment which they suggest that broadens the authority contemplated by the bill and includes assignments of loans by and through the Farmers Home Administration. I have gone over the suggested amendment proposed by Under Secretary of Agriculture John A. Schnittker and feel that the suggested changes are acceptable.

I am grateful to you, Mr. Chairman, for scheduling a hearing on this most meritorious legislation and would appreciate favorable consideration from the subcommittee, the full Committee on Agriculture, and both Houses of Congress.

Mr. Chairman, I ask permission to include this correspondence which I have received concerning this bill.

Mr. POAGE. Without objection, this correspondence will be included in the record at this point.

Thank you, Mr. Gathings.

(The correspondence referred to is as follows:)

JONESBORO PRODUCTION CREDIT ASSOCIATION,  
Jonesboro, Ark., January 12, 1966.

HON. E. C. "TOOK" GATHINGS,  
Congressman, First District of Arkansas,  
Washington, D.C.

DEAR TOOK: The 1966 Cotton Allotment Program presents serious problems for both the farmers and the financing institutions. At present, the ASC Office requires that the farmer must appear in person at their office, where their signature can be witnessed by an ASC employee on all assignments. As you know the price for cotton in 1966 will be .21 cents per pound, which is approximately 50% of the 1966 income. This price will not permit the lending institutions to completely finance a farmer's production cost, therefore they need assignments on the price support which is 7.92 cents per pound and in many cases, additional assignments on the diversion payments which is 10½ cents on diverted acres.

We are informed that assignments cannot be made until the middle of March and most farmers will attempt to make credit arrangements prior to this date. Since Commercial Banks, Production Credit Associations and Farmers Home Administration will finance the majority of cotton production, only the Farmers Home Administration is permitted to take assignments in their office without

from one to two trips being made to the ASC Office by the farmer, who borrows from Commercial Banks and Production Credit Associations.

Under the present policy of ASC, only Farmers Home Administration is considered honest in dealing with the farmers. Since Production Credit Associations are bonded, I believe ASC Officials should alter their policy, so that assignments can be taken and completed by the Production Credit Association in their office at the time the loan is made. I believe that the work load would be greatly reduced, less confusion and loans expedited as has been in the past, if this would be permitted.

We will appreciate every effort in affecting a change in the ASC Assignment policy.

Respectively yours,

D. B. WHITE, *Manager.*

FORREST CITY PRODUCTION CREDIT ASSOCIATION,  
*West Memphis, Ark., January 14, 1966.*

HON. E. C. GATHINGS,  
*Washington, D.C.*

DEAR MR. GATHINGS: It is my understanding that the Government payments in connection with the new cotton program are assignable and that it probably will be necessary for the farmer and the lender to sign these assignments in the local ASCS office. Assuming this to be true, this will be a very slow and needless waste of time for local ASCS offices, lenders and farmers. I doubt very seriously, that this assignment form would be so complicated that they could not be executed in the lenders office and then forwarded to the local ASCS office.

We feel we have a competent staff of employees that would do a reputable job, in regard to the assignment forms. We also have a notary public in our local office, as does the majority of the local farm lending agencies.

Your efforts in behalf of getting these forms in the lenders hands would be deeply appreciated.

Sincerely,

WILLIAM H. LENDERMON,  
*Branch Manager.*

CITIZENS BANK,  
*Jonesboro, Ark., March 28, 1966.*

Re H.R. 13863.

HON. E. C. "TOOK" GATHINGS,  
*House of Representatives,*  
*Washington, D.C.*

DEAR CONGRESSMAN: I received today a copy of the above bill which you introduced in the House of Representatives. I think you will find widespread appreciation throughout the banking industry for your efforts to alleviate and simplify the requirements of Section 8 in regards to the assignment of diversion and price support payments. Personally speaking, I know this will mean a lot to those of us in the farm department. These assignments have been a headache and we sure do appreciate you helping us in this manner.

I had coffee this morning with Mr. D. B. White, Manager of our Production Credit Association. He was elated over the House Bill 13863. I am sure that all of his PCA friends will be boosting you and will also appreciate your efforts along these lines.

Sincerely,

MARLIN D. JACKSON,  
*Vice President.*

PLANTERS PRODUCTION CREDIT ASSOCIATION,  
Osceola, Ark., March 30, 1966.

HON. E. C. GATHINGS,  
House of Representatives,  
Rayburn Building, Washington, D.C.

DEAR MR. GATHINGS: Mr. Lloyd Godley brought a copy of the bill HR 13863 by my office. May I take this opportunity to sincerely thank you for the introduction of this bill, as it will definitely alleviate a good bit of the work load placed on our association for the crop year of 1966.

We in Production Credit feel that we are responsible people and definitely would do nothing to jeopardize our position or that of the farmers in regard to the taking of any assignment.

This, I am certain, when passed will be a great boon not only to the banks and Production Credit Associations, but also to the local ASCS offices.

Again, let me thank you for your interest and prompt action in regard to this rather insignificant but very important matter.

Yours very truly,

CONRAD WHITE, *Manager.*

THE CORNING BANK,  
Corning, Ark., August 29, 1966.

Congressman E. C. (TOOK) GATHINGS,  
House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN GATHINGS: The present method of handling assignments of diversion payments is very cumbersome. It is very difficult to explain to a farmer that before he can borrow money for a crop loan, that his loan may be delayed for several days in order to have his diversion payment signed and witnessed by a member or officer of the county, or of the local committee.

A normal assignment is public record and a very simple matter for anyone to understand. The present manner of handling crop diversion assignments is very difficult for both the farmer, the lender and the government.

Also when the borrower lives in another county or state this causes an even greater delay in the closing of his loan.

We try to give faster and better service to our customers and I feel like anytime the government, a business or credit institution can give better service we must do so. That is our purpose.

I hope that your work to simplify this procedure is successful. It will certainly be a great service to the business and to the people who are involved.

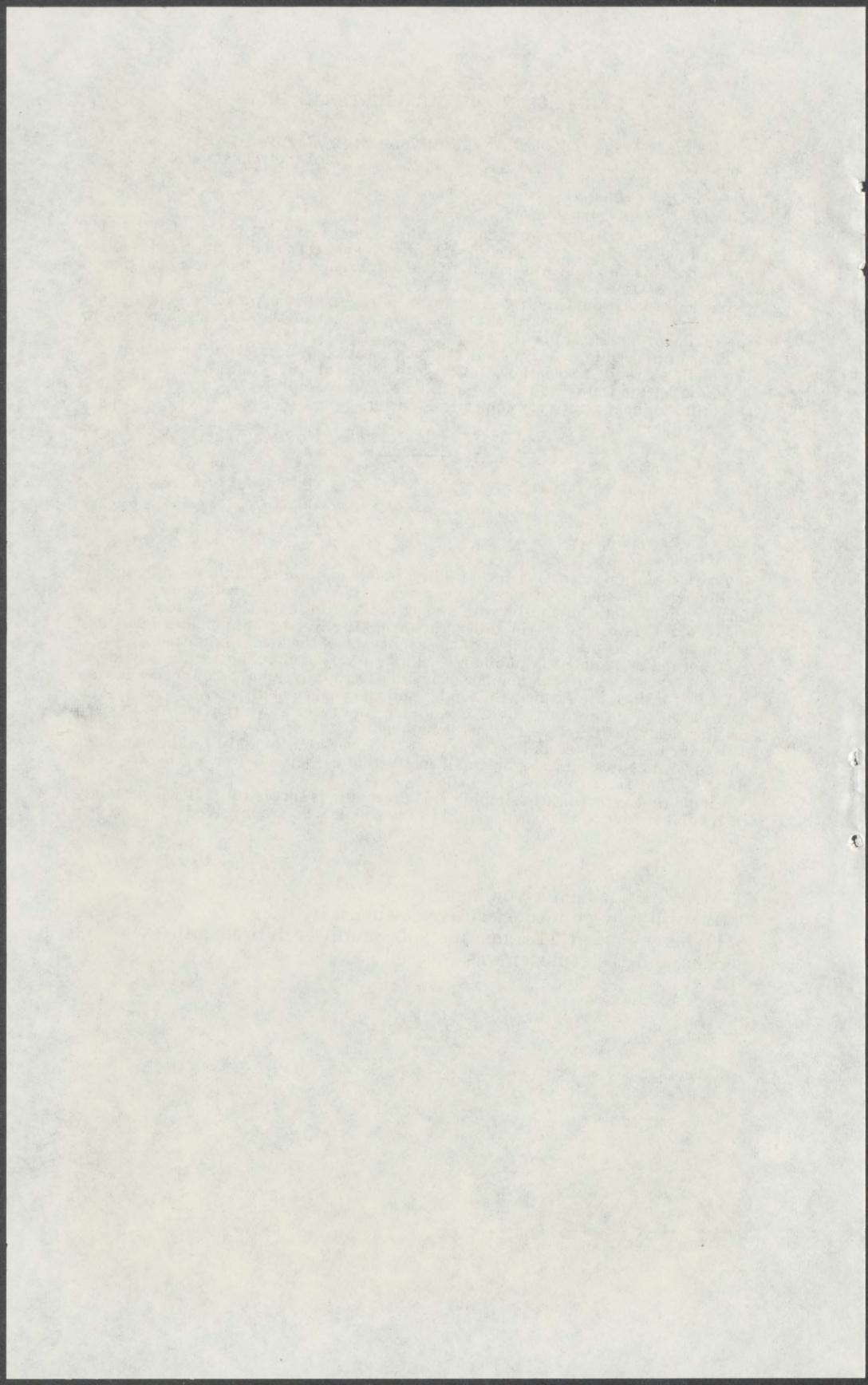
Sincerely yours,

F. B. MANATT,  
*Executive Vice President.*

Mr. POAGE. Thank you, again.

We will now go into executive session.

(Whereupon, at 11 a.m., the subcommittee retired into executive session and the reporter was excused.)



H.R. 10876, TO AUTHORIZE AND DIRECT THE ADMIN-  
ISTRATOR OF FARMERS HOME ADMINISTRATION  
TO QUITCLAIM CERTAIN PROPERTY IN JACKSON  
COUNTY, ALA., TO SKYLINE CHURCHES CEMETERY,  
A CORPORATION

THURSDAY, SEPTEMBER 8, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CONSERVATION AND CREDIT  
OF THE COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Greigg, Callan, Harvey of Indiana, and Teague of California.

Also present: Christine S. Gallagher, clerk; Fowler C. West, staff; and John J. Heimbürger, general counsel.

Mr. POAGE. We will now take up H.R. 10876 by Mr. Jones of Alabama.

I do not see Mr. Jones present.

Mrs. GALLAGHER (clerk). He is not coming.

(H.R. 10876, introduced by Mr. Jones of Alabama, and the report from the Department of Agriculture dated August 26, 1966, follow:)

[H.R. 10876, 89th Cong. 1st Sess.]

A BILL To authorize and direct the Administrator of the Farmers Home Administration to quitclaim certain property in Jackson County, Alabama, to Skyline Churches Cemetery, a corporation

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, upon the written consent of the Alabama Rural Rehabilitation Corporation, the Administrator of the Farmers Home Administration of the United States Department of Agriculture, is authorized and directed to convey by quitclaim deed to the Skyline Churches Cemetery, a non-profit membership corporation organized and existing under and pursuant to title 10, section 150, Code of Alabama 1940, and unto its successors and assigns, all of the right, title, and interest held by the United States of America in and to the following described property:

A tract of land in section 5, township 3 south, range 5 east, Jackson County, Alabama, in Skyline Farms project of Farm Security Administration, United States Department of Agriculture, described as follows:

Beginning at the southeast corner of section 5, township 3 south, range 5 east, said corner being in the centerline of spur numbered 1 off Winchester Road; thence running south 86 degrees 20 minutes west, 20.00 feet to west right-of-way line of said road; thence with the west right-of-way of said road, north 01 degree 17 minutes east, 95.70 feet, north 02 degrees 12 minutes east, 269.70 feet; north 02 degrees 20 minutes east, 297.60 feet, north 09 degrees 26 minutes west 60.75 feet, north 00 degrees 28 minutes east, 1,640.20 feet to the southeast corner of the tract and beginning point of the survey; thence continuing with the west right-of-way of said road north 00 degrees 28 minutes east, 217.50 feet; thence leaving

the road north 61 degrees 52 minutes west, 452.45 feet, north 61 degrees 49 minutes west, 941.45 feet; north 89 degrees 21 minutes 30 seconds west, 385.68 feet, south 05 degrees 08 minutes west, 260.23 feet, south 84 degrees 56 minutes east, 526.69 feet, south 62 degrees 40 minutes east, 1,250.45 feet to the point of beginning and containing 9.06 acres, more or less, and being in the south half of the northesat quarter and the northeast quarter of the southeast quarter of section 5, township 3 south, range 5 east, and being shown on a plat of said Skyline Farms in plat book A, at page 207, in the probate office for Jackson County, at Scottsboro, Alabama.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., August 26, 1966.

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

DEAR MR. CHAIRMAN: This is in reply to your request of June 14, 1966, for a report on H.R. 10876, a bill to authorize and direct the Administrator of the Farmers Home Administration to convey by quitclaim deed to the Skyline Churches Cemetery the interest of the United States in 9.06 acres of land in Jackson County, Alabama.

This Department favors enactment of the bill.

The land described in the bill was a part of the old Skyline Farms Project and was included in a conveyance to the United States from the Alabama Rural Rehabilitation Corporation dated August 16, 1937.

We are informed that the conveyance is sought so that the cemetery can be improved and properly maintained. It appears from the bill that the Skyline Churches Cemetery is a nonprofit membership corporation organized and existing under Alabama law. We have no further information regarding the proposed grantee.

There has been some question as to the title of the United States, based on a degree of uncertainty as to whether it was the intent of the parties for title to the cemetery to be conveyed to the United States originally. Because of this and because of the character of the land as a cemetery, we believe that quitclaiming the interest of the United States to an appropriate grantee would be justifiable.

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

Sincerely yours,

JOHN A. SCHNITKER,  
Acting Secretary.

Mr. POAGE. Mr. Brown and Mr. Campbell are here representing the Department on this matter.

We will be glad to hear from you now, Mr. Brown.

**STATEMENT OF JULIAN BROWN, ASSISTANT ADMINISTRATOR,  
FARMERS HOME ADMINISTRATION; ACCOMPANIED BY HOWARD  
V. CAMPBELL, ASSISTANT GENERAL COUNSEL FOR RURAL  
DEVELOPMENT AND CONSERVATION, OFFICE OF THE GENERAL  
COUNSEL, DEPARTMENT OF AGRICULTURE**

Mr. BROWN. Mr. Chairman and members of the subcommittee, this, as you may know, gentlemen, is a bill to authorize and direct the Administrator of the Farmers Home Administration to quitclaim certain property in Jackson County, Ala., to Skyline Churches Cemetery, and to convey all of the interests of the United States in the 9.06 acres of land located in Jackson County, Ala.

Mr. Chairman and members of the committee, I am happy to appear in support of this bill, H.R. 10876.

The land described in this bill was a part of the Skyline Farms project acquired by the Alabama Rural Rehabilitation Corporation for subdivision and development as individual farm units. It was subsequently conveyed in trust to the United States on August 16,

1937. The project consisted of approximately 13,000 acres with something more than 2,000 acres of wasteland, steep bluffs, and very rough timber areas.

The record of this acquisition did not reflect the existence of the cemetery and it was discovered when the property was being subdivided and developed as individual farm units.

All of the other property involved in this project has been disposed of but we have been without means to convey this cemetery to the local community. It is of no value to the Government and for a number of years people of the community have been requesting that the property be returned to them.

We, therefore, recommend favorable action on this proposal.

Mr. POAGE. Mr. Brown, you state that you are recommending that it be returned?

As a matter of fact, you have never owned it?

Mr. BROWN. I think there is some question as to whether we ever owned it.

Mr. POAGE. That is what I thought.

Mr. BROWN. Yes.

Mr. POAGE. If I understand it, the cemetery is there, and you did not get much title to it.

Mr. BROWN. We acquired all of the land around it.

Mr. POAGE. I know that you did, but it is at least very questionable whether the grantors had any title to grant.

Mr. BROWN. You are getting into a legal matter now.

Mr. POAGE. All right. Mr. Campbell can answer it.

Mr. CAMPBELL. It is my information that the records of the real estate transaction and abstract of title at the time we acquired the plantation did not show a conveyance or a dedication of any of the area for cemetery purposes. It is my understanding that under the law of Georgia that the title to this tract of land was in the owner who conveyed it to us. Therefore, it is my belief that the United States did get title to the cemetery tract as a part of the larger purchase. The difficulty with cemeteries is not in acquiring them, but in disposing for purposes other than that of a cemetery. A conveyance of this tract for other purposes could not be made without the consent of the heirs of those who are buried there and the relocation of the bodies of those people. Otherwise, clear title could not be conveyed to these acres.

Mr. POAGE. What you are saying is that you have a cloudy title and that you really do not have very much there, that you could get nothing but a lawsuit, and all you are doing now is that you are willing to give up this lawsuit and clear the title to this piece of property. In other words, instead of making it a gift, it seems to me that it is clear that what we are doing here is clearing the title.

Mr. CAMPBELL. That is the ultimate purpose of this bill.

Mr. POAGE. Yes.

Mr. HARVEY?

Mr. HARVEY of Indiana. Is this a rural cemetery?

Mr. CAMPBELL. Yes, sir.

Mr. HARVEY of Indiana. Well I know that it has been true in many instances in the early days that a certain landowner would just dedicate a certain tract of land for burial and never did actually go through the process of giving a deed to it. In many cases, there was

no substantive organization of a legal status that could take title to the land, so that it was just the commonly accepted way of doing it. So I can understand very well how, when you acquired this real estate and examined the title, you found this cemetery was included.

Mr. CAMPBELL. It is my belief that is what happened in this case.

Mr. POAGE. Mr. Teague?

Mr. TEAGUE of California. Have you any estimate of what the value of this piece of land is?

Mr. BROWN. I could not give you that. I would say, Mr. Teague, that so far as the Government is concerned, it has no value. This area was primarily in woods at the time it was acquired by the corporation, and I am sure that the purchase price was something less than \$10 per acre.

Mr. TEAGUE of California. So that perhaps now it is not worth over \$100 an acre?

Mr. BROWN. I would certainly suggest that, Mr. Teague, yes, sir. It is strictly rural. These are mountaineer people; as Mr. Harvey suggested, they just started burying the people out in this area.

Mr. TEAGUE of California. Thank you.

Mr. BROWN. There was not much formality to it.

Mr. POAGE. If there are no further questions, we are very much obliged to you gentlemen.

Mr. BROWN. Thank you.

Mr. HARVEY of Indiana. Has this been maintained?

Mr. BROWN. I do not think very well. The people would like to do some maintenance work there, and they are reluctant to do it, so long as the Government holds title to it.

Mr. POAGE. We will take it under advisement.

We will not proceed to further business.

(Whereupon, at 10:40 a.m., the subcommittee proceeded to the consideration of other matters.)



