

Ag 8/1  
C 86/10  
11/18/68

EMERGENCY CREDIT REVOLVING FUND

GOVERNMENT

Y4  
Ag 8/1  
C 86/10

Storage

HEARING  
BEFORE THE  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.J. Res. 1227, H.J. Res. 1228, H.J. Res. 1232,  
H.J. Res. 1237, H.J. Res. 1238, H.J. Res. 1241,  
H.J. Res. 1244, H.J. Res. 1250, H.J. Res. 1253,  
H.J. Res. 1254, H.J. Res. 1255, and H.J. Res. 1259

APRIL 30, 1968

Serial TT

Printed for the use of the Committee on Agriculture

KSU LIBRARIES  
9633396  
A11900 33396



197  
200  
1/2  
1/10

KANSAS STATE UNIVERSITY LIBRARIES

EMERGENCY CREDIT REVOLVING FUND

AY  
1/8/10  
1/8/10

HEARING

HEARD THIS

COMMITTEE ON AGRICULTURE

COMMITTEE ON AGRICULTURE

W. R. POAGE, Texas, *Chairman*

- E. C. GATHINGS, Arkansas,  
*Vice Chairman*
- JOHN L. McMILLAN, South Carolina
- THOMAS G. ABERNETHY, Mississippi
- WATKINS M. ABBITT, Virginia
- PAUL C. JONES, Missouri
- FRANK A. STUBBLEFIELD, Kentucky
- GRAHAM PURCELL, Texas
- MASTON O'NEAL, Georgia
- THOMAS S. FOLEY, Washington
- JOSEPH Y. RESNICK, New York
- ELIGIO DE LA GARZA, Texas
- JOSEPH P. VIGORITO, Pennsylvania
- WALTER B. JONES, North Carolina
- JOHN G. DOW, New York
- BILL NICHOLS, Alabama
- G. V. MONTGOMERY, Mississippi
- FRANK J. BRASCO, New York
- JOHN R. RARICK, Louisiana

- PAGE BELCHER, Oklahoma,  
*Ranking Minority Member*
- CHARLES M. TEAGUE, California
- CATHERINE MAY, Washington
- ROBERT DOLE, Kansas
- GEORGE V. HANSEN, Idaho
- WILLIAM C. WAMPLER, Virginia
- GEORGE A. GOODLING, Pennsylvania
- CLARENCE E. MILLER, Ohio
- J. HERBERT BURKE, Florida
- ROBERT B. MATHIAS, California
- WILEY MAYNE, Iowa
- JOHN M. ZWACH, Minnesota
- THOMAS S. KLEPPE, North Dakota
- ROBERT PRICE, Texas
- JOHN T. MYERS, Indiana

RESIDENT COMMISSIONER  
SANTIAGO POLANCO-ABREU, Puerto Rico

- CHRISTINE S. GALLAGHER, *Clerk*
- WILLIAM C. BLACK, *General Counsel*
- HYDE H. MURRAY, *Assistant Counsel*
- L. T. EASLEY, *Staff Consultant*

## CONTENTS

---

House Joint Resolution 1227, a joint resolution to authorize the temporary funding of the Emergency Credit Revolving Fund.....	Page 1
Bryant, H. E., executive vice president, Maine Potato Council, telegram of April 26, 1968.....	23
Statement of:	
Anderson, Hon. William R., a Representative in Congress from the State of Tennessee.....	20
Bertsch, Howard, Administrator, Farmers Home Administration.....	7
Blanton, Hon. Ray, a Representative in Congress from the State of Tennessee.....	21
Cleveland, Hon. James C., a Representative in Congress from the State of New Hampshire.....	20
Davis, Hon. John W., a Representative in Congress from the State of Georgia.....	6
de la Garza, Hon. Eligio, a Representative in Congress from the State of Texas.....	3
Evans, Hon. Frank E., a Representative in Congress from the State of Colorado.....	27
Gathings, Hon. E. C., a Representative in Congress from the State of Arkansas.....	2
Hathaway, Hon. William D., a Representative in Congress from the State of Maine.....	17
Hungate, Hon. William L., a Representative in Congress from the State of Missouri.....	5
Kyros, Hon. Peter N., a Representative in Congress from the State of Maine.....	22
Langen, Hon. Odin, a Representative in Congress from the State of Minnesota.....	5
Long, Hon. Speedy O., a Representative in Congress from the State of Louisiana.....	23
Mathias, Hon. Bob, a Representative in Congress from the State of California.....	2
Polanco-Abreu, Hon. Santiago, Resident Commissioner of Puerto Rico.....	4
Price, Hon. Bob, a Representative in Congress from the State of Texas.....	25
Roush, Hon. J. Edward, a Representative in Congress from the State of Indiana.....	6
Sisk, Hon. B. F., a Representative in Congress from the State of California.....	26
Zwach, Hon. John M., a Representative in Congress from the State of Minnesota.....	25



## EMERGENCY CREDIT REVOLVING FUND

TUESDAY, APRIL 30, 1968

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, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Jones of Missouri, O'Neal, de la Garza, Dow, Montgomery, Belcher, Teague of California, Mrs. May, Hansen, Goodling, Miller, Burke, Mathias, Mayne, Zwach, Kleppe, Price, Myers, and Polanco-Abreu.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; L. T. Easley, staff consultant; and Fowler C. West, assistant staff consultant.

The CHAIRMAN. The committee will please come to order.

We have met today for consideration of a large number of identical resolutions, one of them being by Congressman de la Garza, House Joint Resolution 1227. And our colleague, Mr. Mathias, has House Joint Resolution 1234.

(Following is the text of H.J. Res. 1227 by Mr. de la Garza which is identical to H.J. Res. 1228 by Messrs. Hathaway, Anderson of Tennessee, Davis of Georgia, Dow, Gathings, and Sisk; H.J. Res. 1232 by Messrs. Hathaway, Blanton, Cleveland, Evans of Colorado, Halpern, Hungate, Kyros, Myers, and Polanco-Abreu; H.J. Res. 1237 by Mr. Long of Louisiana; H.J. Res. 1238 by Mr. Bingham; H.J. Res. 1241 by Mr. Zwach; H.J. Res. 1244 by Mr. Mathias of California; H.J. Res. 1250 by Messrs. Hathaway, Langen, Steiger of Arizona, and Johnson of California; H.J. Res. 1253 by Mr. Price of Texas; H.J. Res. 1254 by Mr. Roush; H.J. Res. 1255 by Mr. Hansen of Idaho; and H.J. Res. 1259 by Mr. Resnick.)

[H. J. RES. 1227, 90th Cong., second sess.]

JOINT RESOLUTION To authorize the temporary funding of the Emergency Credit Revolving Fund

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Commodity Credit Corporation is hereby authorized and directed to make advances to the Emergency Credit Revolving Fund (7 U.S.C. 1966) in a total amount not to exceed \$30,000,000. Such advances together with interest at a rate which will compensate Commodity Credit Corporation for its cost of money during the period in which the advance was outstanding shall be reimbursed out of appropriations to the fund hereafter made.

The CHAIRMAN. I recognize Mr. Mathias.

**STATEMENT OF HON. BOB MATHIAS, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. MATHIAS. Mr. Chairman, I'm pleased to appear here this morning in support of House Joint Resolution 1244, the bill I have introduced to provide additional temporary funding for the Farmers Home Administration's Emergency Credit Revolving Fund. Because of frost, hail, and storm damage in widely scattered areas of the country, there are presently 1,326 counties in 39 States eligible for loans from the Emergency Credit Revolving Fund.

In my own district, the citrus growers of Tulare County have suffered great losses as a result of the severe freeze which we experienced last December. Freeze damage to other crops, and a certain amount of flood and hail damage, have created pressing needs for emergency credit.

However, because the Emergency Credit Revolving Fund has run out of money to lend, loan applications are being approved and then set aside, until sufficient funds are available to complete the loans. This Revolving Fund is intended to help in emergency situations. It is meant to help farmers who have experienced adverse conditions, and who cannot obtain funds through normal private channels. The effectiveness of the fund is defeated when resources are exhausted and loans are held up during an emergency.

This year the need for emergency loans is unprecedented. A total of 18,540 emergency loans in the amount of \$89,483,900 had been made through March 29. At that time, the applications of 1,629 farmers for a total of \$8,297,970 were pending in the finance office of Farmers Home Administration, awaiting adequate funds for the preparation of loan checks. An additional 2,571 loan applications were being processed through regional offices. These applications request a total of \$14,749,380. And Farmers Home Administration field personnel estimate that another 6,272 farmers will need emergency loans in the amount of \$17,952,650 during the current crop year.

My bill will authorize the Commodity Credit Corporation to immediately advance \$30 million to the Emergency Credit Revolving Fund. This amount, together with the \$11 million which the Fund will collect on outstanding loans during the current quarter, should be adequate to meet the presently expected needs.

Because this legislation is so essential to hard-pressed farm families in our area and across the Nation, I hope that it will receive speedy consideration and passage.

The CHAIRMAN. We will now hear from the vice chairman of the committee, the Honorable (Took) Gathings of Arkansas.

**STATEMENT OF HON. E. C. GATHINGS, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF ARKANSAS**

Mr. GATHINGS. Mr. Chairman, I want to thank you for scheduling this emergency resolution with such dispatch. The legislation which is being considered by the committee today to provide that the Commodity Credit Corporation is authorized and directed to make advances to the Emergency Revolving Fund in the amount of \$30,000,000 is most vital and necessary. I am one of the sponsors of this legis-

lation. These funds are used for crop production purposes in disaster areas. The revolving fund of the Farmers Home Administration has been depleted. This leaves quite a number of applications in various States over the country that have been approved, with no funds available to these farmers who are desperately in need to carry on their operations. Other credit sources are not available to them. They are dependent upon the funds that would be made available under this joint resolution.

I want to commend the Farmers Home Administration officials, the Department of Agriculture and the Bureau of the Budget, Executive Offices of the President, for moving expeditiously in forwarding this report to the chairman of this committee. The request was first made by phone about a week ago. It was followed up by a letter from the Chairman asking for the views of the Department under date of April 22. The actual report was transmitted and received in the committee on Friday, April 26. I am sure that the farmers in the disaster areas of the country are most appreciative of the manner in which the Department officials have recognized by their actions that no time be lost in dealing with this problem.

The collections by the Farmers Home Administration on loans made under the authority of the emergency provisions of the Farmers Home Act have been exceedingly good. About 97 percent of these loans, together with interest, have been repaid.

I trust that the committee will approve this joint resolution without delay.

The CHAIRMAN. Thank you Mr. Gathings. We will now hear from another of our committee colleagues, the Honorable "Kika" de la Garza of Texas.

#### STATEMENT OF HON. ELIGIO de la GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

MR. DE LA GARZA. Mr. Chairman, members of the committee, I appreciate very much your indulgence and very respectfully recommend to you the passage of H.R. 1227. This measure provides for and would authorize and direct the Commodity Credit Corporation to make advances to the Emergency Credit Revolving Fund in a total amount not to exceed \$30 million. Mr. Chairman, since before Hurricane Beulah, my district was suffering from drought, then came the hurricane with all its devastation, the subsequent rains still continue, and as recent as last week, a great part of the melon crop in Starr County was destroyed by hail. The Farmers Home Administration has been extremely helpful, and continues to do so, except that they have no funds to continue with emergency loans. This legislation would provide the funds as promptly as possible, because the help is needed now. I thank you for your attention and again respectfully urge the passage of this legislation.

The CHAIRMAN. Thank you, Mr. de la Garza. Next we will hear from the Resident Commissioner of Puerto Rico and a member of this committee, the Honorable Santiago Polanco-Abreu.

**STATEMENT OF HON. SANTIAGO POLANCO-ABREU, RESIDENT  
COMMISSIONER OF PUERTO RICO**

Mr. POLANCO. Mr. Chairman, I appreciate the opportunity to give my view this morning in support of the legislation before the committee to authorize advances to the Emergency Credit Revolving Fund of the Farmers Home Administration by the Commodity Credit Corporation.

This legislation has an urgent national need, and I am sure that that requirement is fully spelled out in the testimony of other Members who are sponsoring or cosponsoring legislation to solve the problem.

I urge the adoption of the legislation because of the desperate need of Puerto Rican farmers for financial assistance resulting from severe drought conditions which have existed in the island for several years.

One thinks of a small tropical island such as ours as a lush paradise with rain forests and an abundance of rainfall.

Puerto Rico does indeed have a rain forest with precipitation approximating 200 inches per year. But because of wind currents and a mountainous terrain, rainfall is not spread evenly through the island. Some areas such as the southwest portion of Puerto Rico are characterized by paucity of precipitation and are traditionally dry. But in recent years Puerto Rico, the American Virgin Islands, and other islands in the area, have not received normal supplies of water from heaven. Drought conditions have crept across Puerto Rico, and persisting as long as they have, they have created difficult problems for those who depend on the land for a living.

The entire Commonwealth of Puerto Rico was designated as an emergency loan area late in 1967 because of serious damage to crops as the result of the prolonged drought. Because of this, many farmers cannot get adequate financing from other sources. However, when these farmers applied for emergency loans at local offices of the Farmers Home Administration they found that the funds for making these loans had been exhausted. Many of them found it difficult to believe that the Government did not have sufficient funds to meet their needs.

Mr. Chairman, the needs of Puerto Rico are not large with regard to the number of farmers involved and the loans they will need. However, Mr. Chairman, the needs of these people are very great indeed with respect to their ability to continue in business. It is as simple as this. If they can get emergency loans they can continue farming. If they cannot get emergency loans most of them will be forced out of business.

Always there is the hope that the rains may come tomorrow, but they do not come, and without rain the farmer is in much worse condition than the worker who finds himself out of a job. In one way or another he must find immediate financial assistance or he will have to leave the farm. If he does so, there is a good chance that the land may never be put back into production and a chain reaction of problems to society is put into motion.

House Joint Resolution 1228 would add \$30,000,000 to the Emergency Credit Revolving Fund. I am informed that this amount plus collections to be made on emergency loans already made would be adequate to meet the needs of approximately 7,000 farmers in 39 States and Puerto Rico. I interpret this to mean that the enactment of this resolution would enable the Farmers Home Administration staff in

Puerto Rico to make emergency loans to eligible farmers there. Therefore, Mr. Chairman, I urge your favorable consideration of this resolution.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Polanco. We also have statements from other Members of Congress which will be inserted in the record at this point.

(The statements referred to follow:)

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. LANGEN. Mr. Chairman, I am indeed grateful that the House Committee on Agriculture is directing attention to the financial crisis faced by thousands of American farmers and ranchers. I am pleased to have the opportunity of submitting a statement in behalf of the joint resolutions calling for the transfer of \$30 million as a loan from the Commodity Credit Corporation to the Farmers Home Administration Emergency Credit Revolving Fund.

Adverse weather conditions and natural disasters have created an unprecedented need for emergency loans by our farmers in 1,326 counties in 39 States that have been designated emergency areas. They thus become eligible for FHA emergency loans. The credit needs of these farmers cannot be met by other sources, and they cannot continue farming without such credit.

The unfortunate fact now facing them is that funds are not currently available to them, even though their applications may have been approved. As pointed out by others, approximately 10,000 farmers will be unable to obtain necessary loans unless action is taken now to replenish the FHA Emergency Credit Revolving Fund.

The amount we are asking under these joint resolutions is \$30 million. This, coupled with the \$11 million that is expected to be collected on emergency loans through June, should be adequate to meet the needs for this growing season.

It should be pointed out, Mr. Chairman, that the need for replenishing the emergency fund has not been caused by loan losses. During the 19 years this program has been in operation, approximately 350,000 loans have been made totaling a billion dollars, but losses have been less than 2 percent, representing an excellent track record. The current need for funds stems from an unusually heavy demand for funds caused by natural disasters and conditions that were beyond the control of the farmers. The revolving fund's cash assets were exhausted by the middle of March. The only additional money available to FHA at this time comes from collections on existing loans, and this is not the season of the year for heavy collections.

I wish to further point out that the administration is currently withholding \$25 million of the funds which Congress appropriated last year for the FHA loan fund. As far as can be determined, these funds will not be released. Therefore, it is imperative that we act now while there is still time to assist thousands of farmers in this new growing season.

But the time is short, Mr. Chairman. Loans are needed now for this year's crop. It would be tragic if thousands more of our farmers and ranchers were forced off the land through the inability to obtain emergency financing. Our farm people have experienced enough trouble during recent years without this additional stumbling block being put in their way. I respectfully urge that prompt approval be given to the resolution to transfer \$30 million as a loan from the CCC to the FHA Emergency Credit Revolving Fund.

STATEMENT OF HON. WILLIAM L. HUNGATE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. HUNGATE. Between April and August of 1967, Missouri agriculture suffered from abnormally cool weather, excessive rainfall and severe floodings. Cropland in 59 Missouri counties was damaged as 226 levees were broken by massive floods.

On June 24, 1967, I joined in and brought to the attention of the President and the Speaker of the House a resolution from the Missouri House of Representatives calling for emergency assistance for flood victims. Shortly thereafter the

Department of Agriculture designated 21 counties in the Ninth Congressional District as eligible for emergency loan assistance.

But the losses and privation exceeded the Department's funding capacity, and the Farmers Home Administration's emergency credit revolving fund is now depleted.

The continuing demands for emergency loan assistance cannot be properly met unless the fund is replenished by a \$30 million loan from the Commodity Credit Corporation.

I recognize the difficult tight money situation facing us, but lending is not spending and the same tight money situation faces each of these flood-stricken individual farmers. I respectfully urge the committee to act favorably on this most urgently needed authorization.

---

STATEMENT OF HON. J. EDWARD ROUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. ROUSH. Mr. Chairman, I am deeply appreciative of this opportunity to express before this committee the reasons for my support of and sponsorship of House Joint Resolutions 1227 and 1228. In introducing this bill I am following the example of Congressman Hathaway and hopefully my efforts will influence others to support this legislation.

The reasons these proposals are necessary are clear. National disasters affecting many parts of the country last year, including and especially Indiana, my State, have depleted and diminished FHA loan funds. In some cases applications are approved, only to find out that funds are not available. This situation has occurred in my district in Indiana.

In all fairness, then, additional financial assistance should be provided. The proposed legislation would transfer \$30 million from the Commodity Credit Corporation to the Farmers Home Administration.

In Indiana, 76 counties are designated for emergency loans because of the severe damage to last year's corn and soybean crops due to rains and freezing temperatures. Some crops could not be harvested; others sold at tragically low prices.

The legislation before you is designed to provide needed financial assistance. I hope it will pass this committee rapidly, and then the House of Representatives, for the farmer's plight, is, after all, our own, we are dependent upon him at every turn; we owe him assistance in this emergency.

---

STATEMENT OF HON. JOHN W. DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. DAVIS. Mr. Chairman, I need not remind you that during the past year natural disasters have caused an unusual amount of damage to our agriculture in a number of instances.

In my own area, northwest Georgia, as in many other areas of Arkansas, Mississippi, Missouri, North Carolina, South Carolina, and Tennessee, freezing temperatures in early November all but abolished the cotton yield.

In Texas, Hurricane Beulah left a path of destruction through 16 counties. Excessive moisture and freezing temperatures hit corn and soybeans hard at harvest time in Illinois, Indiana, Iowa, and Ohio. The same conditions interfered with harvesting again in the early fall in New England. In December, heavy snowstorms hit Arizona and New Mexico, damaging livestock, buildings, feed, and farm machinery.

I understand that the Emergency Credit Revolving Fund has more than 2,500 applications awaiting funding from farmers who suffered from these natural disasters. The Farmers Home Administration, which operates the fund, says that it expects that another 5,500 farmers will need its help before the year's end, and that it will take about \$38,931,000 to take care of all the requests.

In a normal year, we could keep the fund active with funds from the collection of other loans. But this year, the collections are simply not enough.

I strongly urge the passage of House Joint Resolution 1228, which would authorize and direct the Commodity Credit Corporation to make advances to the Emergency Credit Revolving Fund in a total amount not to exceed \$30 million. Together with the collections that are made, this should cover the needs of those farmers in our country hardest pressed today.

Mr. Chairman, because there is nothing we can do at present to prevent natural disasters such as the ones I mentioned, I think we have a special responsibility to

stand by these farmers at a time when they have been hit at their most vulnerable point. I know funds are short, but these loans are a valuable investment.

The CHAIRMAN. I believe, in view of the situation, that we should now hear from Mr. Howard Bertsch, Administrator of the Farmers Home Administration.

We will be glad to hear from you now, Mr. Bertsch.

**STATEMENT OF HOWARD BERTSCH, ADMINISTRATOR, FARMERS HOME ADMINISTRATION, ACCOMPANIED BY JACK FROST, DIRECTOR, EMERGENCY LOAN DIVISION, AND H. V. CAMPBELL, ASSISTANT GENERAL COUNSEL, FARMERS HOME ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE**

Mr. BERTSCH. Mr. Chairman and members of the committee. We are glad to have this opportunity to present the Department's position on House Joint Resolutions 1227 and 1228, identical resolutions to authorize a temporary funding of the Emergency Credit Revolving Fund.

The Department recommends enactment of the proposed resolutions.

House Joint Resolutions 1227 and 1228 would authorize and direct the Commodity Credit Corporation to make advances to the Emergency Credit Revolving Fund in a total amount not to exceed \$30 million. The resolutions provide also that the Commodity Credit Corporation would be reimbursed with interest out of a subsequent appropriation.

We assume the proposal to borrow from the Commodity Credit Corporation was devised to save time and time is of the essence. Unless these loans are made almost at once they will be too late.

As you know, emergency loans are made by the Farmers Home Administration in areas designated for this purpose by the Secretary of Agriculture. Designations are based on findings by the Secretary that a natural disaster has caused a general need for agricultural credit which cannot be met by local sources. These loans are made out of the Emergency Credit Revolving Fund. The revolving fund does not receive annual appropriations. Instead, funds are loaned, collected, and loaned again to established farmers and ranchers who are unable to obtain credit from other sources.

A total of 19,389 emergency loans in the amount of \$92,384,489 had been made through April 12. The applications of 2,253 additional farmers and ranchers totaling \$13,931,000 were pending in the finance office of the Farmers Home Administration on April 12 awaiting sufficient funds for the preparation of checks. Also, it is estimated that 5,500 other farmers will need emergency loans totaling approximately \$25,000,000. This shows a current cash need of \$38,931,000. The amount which would be provided by the proposed resolutions plus amounts to be collected during the remainder of this fiscal year should be adequate to meet this need.

There are 1,326 presently designated emergency loan counties in 39 States. The unprecedented need for these loans this year has resulted from:

1. Hurricane Beulah in September of 1967, which, with accompanying floods and tornados, did extensive damage to buildings, land,

vegetable crops, and livestock in 13 south Texas counties. These counties had already experienced damage to the cotton crop because of a prolonged drought. The drought and other adverse weather conditions prevailed in 178 other Texas counties during 1967.

2. Freezing temperatures in early November which did extensive damage to the 1967 cotton crop in 339 counties in Alabama, Arkansas, Georgia, Mississippi, Missouri, North Carolina, South Carolina, and Tennessee. The cotton crop was practically destroyed in most of these counties.

3. Excessive moisture and freezing temperatures at harvest time in Illinois, Indiana, Iowa, and Ohio which resulted in large volumes of soft corn and seriously interfered with the harvest of corn and soybeans. Many acres were not harvested. In addition, the moisture content of harvested corn was high and prices were greatly depressed. Affected were 58 counties in Illinois, 76 counties in Indiana, 40 counties in Iowa, and 53 counties in Ohio.

4. Excessive moisture and freezing temperatures in the early fall of 1967 which seriously interfered with harvesting and damaged the quality of crops in New England, particularly in the potato area of Maine.

5. Heavy moisture which hit Arizona and parts of New Mexico between December 11 and 19. These storms did extensive damage to livestock, buildings, feed, and farm machinery. The greatest damage was to breeding livestock and the livestock increase for 1968. Very few ranchers will have any income this year from the sale of livestock increase. Thirteen counties in Arizona and four counties in New Mexico were designated as emergency loan areas because of these storms.

Mr. Chairman, the shortage of loan funds has not resulted from loan losses. Emergency loans totaling approximately \$1 billion have been made out of the Revolving Fund since April 6, 1949. The collection record is 95.9 percent of maturities and losses have been less than two percent of the amount loaned. Regardless of the reason, however, the shortage of loan funds poses a serious and critical situation for many farmers who are unable to obtain credit from other sources. Many will not be able to farm this year unless additional funds are provided. There are more than 7,000 farm families who are anxiously awaiting the outcome of these resolutions. They are anxious because if funds are not provided within the foreseeable future they will be forced to leave the land and attempt some other way of life.

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

Will you give us an explanation of the mechanics of this thing and how it is going to work?

I note that the resolutions as prepared say that there will be reimbursement of funds, which means, as I understand it, that they will be paid from appropriations if they are given, and if they are not, they will never be paid and it will come out of the funds of the Commodity Credit Corporation and be charged to that agency. I am intrigued with the idea of getting the funds for this purpose, and I think that most of the members will agree that we need these funds, and I do not think that we should go into a discussion about why we are not getting them now. You can blame a lot of people for that, but we are not getting them and this is a way to get them.

What do you really contemplate as to the repayment?

Mr. BERTSCH. If time permitted, the refurbishing of the Emergency Loan Revolving Fund would be taken care of through a supplemental appropriation. We are advised that the next supplemental appropriation bill, which would come to the Congress from the administration, would not come up until May 15, and then it would go through the appropriations process. What is designed here is a way to quickly provide funds.

The CHAIRMAN. I know what it is designed for. Do you think that the Appropriations Committee will pay this with an appropriation on May 15?

Mr. BERTSCH. Well, I can only testify that the administration will request in an early supplemental an item of \$30 million for this.

The CHAIRMAN. I think that question is rather important. I did not know that the administration would request an item of \$30 million for this.

Mr. BERTSCH. I think, Mr. Chairman, that the fact the administration has filed a report on these two resolutions, a favorable report, commits the administration to pursue the supplemental route, because the legislation does provide that this loan from the Commodity Credit Corporation would be repaid by a supplemental appropriation. I think that it is up to us to request a supplemental appropriation. I am quite satisfied that is the intent of the administration.

The CHAIRMAN. I am glad to hear that because I think that we ought to pay this back to the Commodity Credit Corporation. This ought to be charged to appropriations, and I was told that there would be a provision in here to earmark the repayment of these loans, to assure their repayment to the Commodity Credit Corporation. That is not in the resolutions which are now before us. Why was it decided against permitting the repayment of the money to the Commodity Credit Corporation? Why was that decided against?

Mr. BERTSCH. I did not at any time understand that there was consideration given to retiring this proposed Commodity Credit Corporation debt through repayments made to the Emergency Loan Fund. This, in effect, would be a long, laborious process—and I am assuming—

The CHAIRMAN. I do not mean to eliminate the appropriation process. I simply mean that these repayments would be made collateral for the money that you get from the Commodity Credit Corporation.

Mr. BERTSCH. That, in effect, would immobilize those collections insofar as future loans are concerned, and I believe that—

The CHAIRMAN. That is correct.

Mr. BERTSCH (continuing). What is needed here, Mr. Chairman, is a further expansion, really, of the Emergency Loan Revolving Fund.

The CHAIRMAN. The \$30 million will take care of not only the present problems but will take care of the next year, and the next?

Mr. BERTSCH. That is correct.

The CHAIRMAN. If you have \$30 million more money, you can do that?

Mr. BERTSCH. Right.

The CHAIRMAN. How much money have you impounded now?

Mr. BERTSCH. Impounded—none. All of the cash available to the

Emergency Loan Revolving Fund has been apportioned to it and has been lent.

We are authorized, up to \$14 million, to use present collections as they are made, to make loans for the fiscal year.

The CHAIRMAN. You have authority under the law of guaranteeing loans up to what—\$400 million?

Mr. BERTSCH. Yes, but the emergency loans are not included in that authority.

The CHAIRMAN. Yes, sir; but that is an authority, I believe of \$400 million?

Mr. BERTSCH. \$450 million.

The CHAIRMAN. How much of it can you exercise? Are you able to go up to the \$450 million, or is a part of that impounded?

Mr. BERTSCH. No; I think that we are in a position to insure only about \$327 million of that \$450 million. This is because in our program levels estimated for the 1968 budget it was contemplated that only \$200 million of that insurance authority would be used for farm ownership loans and we judged that we would be able to use only \$123 million for our association type loans. It is \$123 million or \$127 million. My memory is not sharp on that figure.

The CHAIRMAN. Just a moment, Mr. Myers.

It seems to me rather ridiculous that we should prevent—that is, the Government should prevent—using all of the authority that it has and then come around saying that “We can transfer some of the funds that were appropriated for another purpose, let us use them, but we will not let you use all of the funds that we provided you for a specific use.”

However, ridiculous it may be, I am saying this for the record and for the newspapermen, that it is ridiculous, but however ridiculous it may be, it is not ridiculous to the poor fellow who needs the loan now, who has to get the money in some way. If this legerdemain would help somebody approve the needed funds then I am for it, but I think that we ought to understand that this Congress has provided substantial authority of lending power through the guaranteed loans to the Farmers Home Administration, not for this purpose but for other purposes that can not be used, simply because we are told that you must not guarantee all of the loans that you are authorized to guarantee.

Excuse me, Mr. Myers.

Mr. MEYERS. You referred to impounded funds. What are “impounded funds?”

What do you mean by this?

The CHAIRMAN. I mean funds that we have authorized and that the executive branch has said cannot be used. That is what I think is perfectly silly, for the Congress to say “You can get \$450 million in these guarantee loans,” and you know how they work, and then for the executive branch to come along and say “You cannot actually guarantee but \$300 million,” and then for the executive branch to say, “You can only use \$250 million.”

Mr. MYERS. I do not recall what Mr. Bertsch’s answer was to that question. Are there impounded funds?

The CHAIRMAN. Yes, sir; but that is an authority, I believe of \$400 million?

Mr. BERTSCH. There is authority to use in our 1968 program levels less than the \$450 million insurance authority contained in the statute. This \$450 million is available in total for several purposes, one of which is the farm ownership real estate loan program. Our budget levels for insuring farm ownership loans in the 1968 fiscal year was fixed at \$200 million. Our budget levels for insuring association-type loans would also come out of this \$450 million which was fixed at—I believe—at \$123 million—I may be off just a few million dollars on that—so that, in effect, what the Chairman points out is correct, where the legislative authorization we have is to insure up to \$450 million of various types of loans, and our program levels for this year held us to \$325 million.

Mr. MYERS. That is where the real problem is.

The CHAIRMAN. Of course, that is not the same. As Mr. Bertsch pointed out, we authorized the guaranteed or insured loans for certain purposes, home ownership loans, et cetera, but in view of the emergency loans which you are talking about this morning, it does seem to me to be completely foolish to say that we cannot guarantee the full amount that the Congress authorized or to insure the full amount that Congress authorized and then say that we will come around and borrow the money from the Commodity Credit Corporation. It just does not make much sense to me. It does not make any sense to deny these people credit in times of emergency, if, by walking around the building in this direction [indicating] we can get the money; whereas, if we walk around the building in this direction [indicating opposite direction] we cannot get it. You have to walk in this direction [indicating].

Mr. MYERS. Could I ask one more question?

The CHAIRMAN. Yes.

Mr. MYERS. If the executive branch would release these funds could you accommodate the necessary loan requirements without any action by us?

Mr. BERTSCH. No, sir; we have no authority to use this insurance authority for emergency loans. They are limited to farm ownership loans and our association-type loans. We could not use that insurance authority for emergency loans under the statute. And this is the need that we are talking about.

Mr. MYERS. The farmers to whom the Administration makes personal-type loans on collateral, on chattel-type collateral, I know. What are you referring to as emergency then?

Mr. BERTSCH. I am referring to loans authorized in areas designated as having suffered natural disasters.

Mr. MYERS. These are listed here?

Mr. BERTSCH. Yes, sir.

Mr. MYERS. You are making such loans?

Mr. BERTSCH. We cannot, because we have exhausted the Emergency Loan Fund.

Mr. MYERS. That is what I know. If you have the money—What makes the difference between an Emergency Loan and one of the regular-type loans through your normal channels? What is the difference?

Mr. BERTSCH. The difference is the source of the funds.

Mr. MYERS. If you had the authority to release them, do you have the authority now?

Mr. BERTSCH. We do not have the funds; we do not have the funds in the revolving fund which is the only fund we can use.

Mr. MYERS. You have five pockets and this happens to be in the wrong pocket; is that right?

Mr. BERTSCH. Yes, that is a good illustration.

The CHAIRMAN. Let me explain further to those who maybe are not familiar with the fact that these emergency loans are made on a somewhat different basis than the regular loans. They are more liberal loans. They carry a small interest rate. And the limitations on the amounts are much more liberal. There is no \$2,500 limitation; there is no limitation, you make them up for whatever is needed.

Mr. BERTSCH. No limit on the amount.

Mr. MYERS. In a telephone call that I made to someone in your Department, you said that you would hold this to about \$2,500, give a little bit to everyone, as many people as you could.

You say that you do not do that?

Mr. BERTSCH. No, sir; if anyone so advised, they advised you incorrectly. There is a breakdown of communications in that. There is no limit on the size of the emergency loan. They are made at 3 percent interest rather than at the 5 percent interest on most of our lending operations. They may be made to a somewhat broader group, eligibility-wise; that is, an emergency loan under the statute may be made to operators of larger than family farms. They may be made to other than individuals; that is, they may be made to corporations or partnerships. This authority we do not have in our regular operating loan.

Mr. MYERS. How about security?

Mr. BERTSCH. Security is generally taken on the crops to be produced, although if that security is hazardous, I mean particularly so, we take the best security available to us, which may be security on the livestock and equipment or even on the real estate.

Mr. MYERS. Do you take second mortgages?

Mr. BERTSCH. Yes.

Mr. MYERS. Third mortgages?

Mr. BERTSCH. Yes. If there is equity there we take advantage of that equity. Our primary security on the emergency loans is in the crops.

The CHAIRMAN. May I add, as I understand it, that is probably the reason we did not specifically include emergency loans in the guaranteed or insured type loans. Nobody wants to buy them. They are a loan that carries too much risk to sell on the markets and having the Farmers Home Administration putting insurance or a guarantee or endorsement behind them, and that is probably the basic reason on which we distinguish between these types of loans so far as the guarantee is concerned.

Mr. MYERS. A purchaser would not blend them, then; he would not take some of yours and some of these higher risk ones?

The CHAIRMAN. He guarantees them 100 percent anyhow, so that the purchaser who buys will be actually looking to the Farmers Home Administration and not to the security anyhow; but it certainly did not seem to the committee some years ago that it was very good business to guarantee these high risk loans, that we had better rely on direct

appropriations for these and guarantee the better risks. Every time you have a loss, even though the borrower is looking to the United States he is certainly going to discount that kind of paper in the future.

Mr. MYERS. You want to do it on an individual basis? Is that right? You want to reserve the right to come in to take care of each case?

The CHAIRMAN. Yes.

Mr. MYERS. It is the same either way, but a different control?

The CHAIRMAN. That is right. Back in February of this year, on the 22d of February to be exact, this committee passed a resolution calling on the President, the Secretary of Agriculture and the Administrator of Small Business, and others, to release some \$36 million which we understood was then impounded, of these disaster loans. I understand that has been released since that time.

Mr. BERTSCH. That is correct. It was apportioned to us almost immediately after the committee resolution. I must explain, however, that this was a \$36 million apportionment of lending authority; \$22 million of cash was in the fund, so that, in effect, what was apportioned to us was the \$22 million plus the authority to lend up to \$14 million additional as we collected the additional funds. Those collections are still coming in. We are still lending them. But this is a season of the year when collections are not heavy, and so some of these collections are going to be received too late in the fiscal year to be useful in financing this year's crops.

Mr. MYERS. Those are Emergency Fund collections?

Mr. BERTSCH. Yes.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. At this point in time when we are considering this resolution, I would like to ask Mr. Bertsch a question pertaining to the repayment of this \$30 million. This is to come out of future appropriations, to take care of this transfer; in other words, so that the Commodity Credit Corporation is reimbursed?

We really do not know that that is going to be approved. My question is: Is this not still a good resolution for us to pass, under the circumstances that exist right at this moment?

Suppose that the Commodity Credit Corporation never gets the money back from the repayment here out of appropriations. Would you still be in favor of this resolution then?

Mr. BERTSCH. Congressman Kleppe, I do not know that I would be up here to testify in favor of this resolution if that were likely, because I believe that the Commodity Credit Corporation directors would take exception to it, and I suspect that the Administration would take exception to it, too.

Mr. KLEPPE. The reason that I am asking the question is because we are here acting on this resolution now without really knowing that that \$30 million will be repaid. It seems to me that we ought to consider the worst that can happen to this proposition, and that is the worst that can happen as I see it.

Mr. BERTSCH. I appreciate the point of view you express, Congressman Kleppe, but I believe the Administration will ask the Congress to appropriate \$30 million through a supplemental to make the Commodity Credit Corporation well.

Mr. KLEPPE. That is a fair answer.

The CHAIRMAN. I think that I had better be sure that is not misunderstood. I hope that you understood that I said that even though I think this is a very circuitous route to get the money that should have been available earlier, that I thought that we had to use this method, or any other, to get the money.

Mr. KLEPPE. I understood correctly.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. Mr. Bertsch, would not the clean-cut way to accomplish this purpose be to get the House to accept an amendment in the Department of Agriculture's appropriations bill—it will be on the floor this Friday?

Mr. BERTSCH. Congressman Teague, it is purely a matter of timing. That appropriation bill I assume you are referring to is the 1969 fiscal year appropriation bill?

Mr. TEAGUE of California. Yes.

Mr. BERTSCH. This money would not be available until July 1, 1968, at the best. July 1 is too late for emergency loans to be made for the 1968 crops. It is purely a matter of funding of the emergency loan revolving fund. Timewise, it would be too late. It is essential that we be able to write checks now, early in May, or it will be too late to produce the 1968 crops in many regions.

Mr. TEAGUE of California. Did you have something to add, Mr. Myers?

Mr. MYERS. Could we not put that in to repay it, at least out of this agricultural appropriations bill coming up this week, to repay the \$30 million without the supplement?

Mr. BERTSCH. There is no provision in the 1969 appropriations bill.

Mr. MYERS. It could be amended.

Mr. BERTSCH. It could be amended, and it would, in effect, be as effective as a supplemental, and I assume that there will be supplementals treated before the 1969 appropriations bill. I would hope that the Commodity Credit Corporation would be made well on this account prior to the time of the action on the 1969 appropriations bill. Otherwise, if this does not transpire, then, certainly, an amendment to the 1969 appropriations act would be in order.

Mr. TEAGUE of California. That is all. Thank you.

The CHAIRMAN. Mrs. May?

Mrs. MAY. Mr. Bertsch, in the last 2 weeks in my area, in the State of Washington, we have suffered a severe freeze. Two or three or more counties may have to be declared a disaster area. We do not know how many ranches are involved. The latest report is that we lost 90 percent of the soft fruit crop and 50 percent or more of the apple and pear crop, and there were severe row crop and grain losses.

If these figures are accurate, and if this is declared as a disaster area, unless we pass this resolution, as I understand it, there will be no money available for emergency loans to those eligible farmers in this fiscal year; is that right?

Mr. BERTSCH. That is correct, Mrs. May. In fact, there would be no further loan funds available until the collections are made of funds from the 1968 crop production.

Mrs. MAY. Yes, sir. You already have several hundred eligible applicants for the emergency loans right now whom you cannot help because you do not have the money?

Mr. BERTSCH. That is right. We have more than 2,000 loan docketts totaling about \$14 million stacked up in our finance office in St. Louis at this moment which would be paid as soon as funds are available.

Mrs. MAY. May I just ask one question concerning the disaster areas?

Take the situation in my own State. As I understand it, the Secretary has to determine—to make findings—that there was such widespread injury suffered that the situation can be defined as a disaster. Then, how do they set the boundaries on that?

Under what circumstances does the Secretary make this finding?

Mr. BERTSCH. Under the statute, section 321 of the statute. It provides that the Secretary may designate any area in the United States 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 at reasonable rates and terms for loans for similar purposes and (2) that the need for such a credit in such areas is the result of a natural disaster. Those are the two findings that must be made.

The mechanics of making those findings are briefly these:

There is no difficulty at all in determining when a natural disaster has struck. The determination which is a bit more complicated is whether or not this natural disaster has been of such consequence that other sources of credit are unable to meet the needs of the farmers in those areas. We contact other lenders; we contact other agricultural leaders in the area to get recommendations in detail which is not time-consuming, because we have made these designations in just a few days after the disaster has struck, but we do need to get a consensus that comes from other lending institutions and from other agricultural leaders that in their judgment there is a need for emergency credit because the existing credit is not likely to be able to meet these needs. Then we generally designate areas on a county basis, even though only a portion of a county has been hit, say, by a hail storm, to simplify the mechanics. We designate the county, but within that county we make loans only to those people, generally, who have personally suffered from the disaster.

Mrs. MAY. Thank you very much.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Goodling?

Mr. GOODLING. Mr. Bertsch, this directs the Commodity Credit Corporation to advance \$30 million to the Emergency Credit Revolving Fund. Does the Commodity Credit Corporation have \$30 million lying around in idle funds?

Mr. BERTSCH. The Commodity Credit Corporation has funds available for this purpose. They have assured us of this. And they have direct Treasury borrowing authority. So, if they did not have the \$30 million, they could go to the Treasury and borrow the \$30 million and lend it to us with interest for this purpose.

Mr. GOODLING. What interest rate do you expect to pay the Commodity Credit Corporation for this money?

Mr. BERTSCH. The cost of the money to the Commodity Credit Corporation.

Mr. GOODLING. And that would be at the going rate?

Mr. BERTSCH. That is right. We would absorb gratuitously the difference. I think, as to the question you are raising, we will lend the money at 3 percent. We may pay 5 or 5½ percent for it, because that may be what the Commodity Credit Corporation is now paying the Treasury for the money. We will absorb in the Emergency Loan Revolving Fund the interest differential between the 3 percent we charge and the 5 or 5½ percent, theoretically and hypothetically, that we pay.

Mr. GOODLING. You say the lending rate would be 3 percent?

Mr. BERTSCH. On the emergency loans the statute provides for a maximum interest charge of 3 percent which is, admittedly, below the market interest rates and is intended to compensate somewhat the farmer for the natural disaster which he has suffered.

Mr. GOODLING. That is standard in all cases?

Mr. BERTSCH. Yes, sir. Standard in all emergency loan cases, yes, sir.

Mr. GOODLING. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Goodling.

Mr. JONES?

Mr. JONES of Missouri. Mr. Bertsch, has it not been customary for the Secretary to wait until he has a request from a governor for the designation of these emergency areas?

Mr. BERTSCH. No, sir. That is not necessary. It is not the practice. The designation for a disaster area requested by a Governor is under a different statute than the Farmers Home Administration statute. Frequently, the Governor or a representative of the Governor joins with our people in making the determination that there is a need for emergency credit in the area, but this is not necessary and not required by the statute.

Mr. JONES of Missouri. I recall that in most every instance that we have had, I think someone told me that the Governor had not made the request and that was one of the reasons that there was some delay in designating such an area as a disaster area. That might be under some other program?

Mr. BERTSCH. This, Congressman Jones, is under Public Law 875, which is the President's emergency powers to make other programs available in an area. One of the programs in the Department of Agriculture—in fact, it is the feed program, that is authorized under Public Law 875, but the Governor's concurrence, the Governor's participation in the designation of an emergency loan area under the Farmers Home Administration Act is not necessary.

Mr. JONES of Missouri. This is really not pertinent, but I might say that day before yesterday I attended the funeral of one of your key men out in Missouri, Carl Ross, who had been a district supervisor for many years and who I think was recognized within the Department and elsewhere as being a most valuable man. We are going to miss him down there in southeast Missouri, and all of your field men in that entire area were there to pay tribute to him.

Mr. BERTSCH. Congressman Jones, we are all going to miss Carl Ross. In my judgment, he was one of the most able district supervisors in the United States, and one of the very fine contributors to the program. He contributed to the Farmers Home Administration

far beyond the borders of southeast Missouri or of the State of Missouri. He made many contributions to the improvement of our performance.

Mr. JONES of Missouri. Thank you very much.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

If not, Mr. Bertsch, we really are very much obliged to you for your presentation.

I just do not know how many Congressmen have come in. I think that many have left.

Mr. Hathaway is still here, I believe.

We will hear from Mr. Hathaway now.

**STATEMENT OF HON. WILLIAM D. HATHAWAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE**

Mr. HATHAWAY. Mr. Chairman and members of the committee, thank you very much for the opportunity to testify before you this morning.

The Department has covered the picture very well.

I just want to add a few points.

First of all, let me say that this resolution has had considerable cosponsorship. We have Mr. Sisk, Mr. Davis of Georgia, Mr. Dow, Mr. Anderson of Tennessee, Mr. Gathings, Mr. Evans of Colorado, Mr. Cleveland, Mr. Blanton, and others, as well as Mr. Hansen of Idaho, Mr. Bingham, Mr. Long, Mr. de la Garza, Mr. Steiger, Mr. Price of Texas, and I understand that there will be other cosponsors when a resolution is introduced on the floor this afternoon.

On a partisan basis, the lineup at the present time is 15 Democrats and eight Republicans.

This is particularly an acute problem in my district in the State of Maine, as mentioned by the Department. We had a freeze there last fall which resulted in a declaration of an emergency area. You are aware of the fact that the potato market this year has not been as good as it has been the last year and the year before. We have to have a diversion program which is going on at the present time. As a matter of fact, we are going to ask for a continuation of that program through the month of May, to alleviate the conditions in Maine and elsewhere in the United States where potatoes are being produced.

So far as the Maine picture is concerned, at the time that I looked into this matter about a month ago—and I have been looking into it constantly—a lot of the people have come up to me when I was in the district to let me know that they were not able to obtain the money for the seed and the fertilizer to begin planting which starts in Maine next week and in other parts of the country it has started already. At that time there were 96 with applications for loans of \$722,160 for which checks could not be issued because there were not funds available. In addition to that there are 250 additional loans in the amount of almost \$2 million being processed for Maine farmers, and, at least 300 more, it is estimated, will require emergency loans to continue farming.

So, the total number of loans is about 646.

I would say that probably nearly all of the 646 who cannot get the money will be forced out, because of the freeze last year where they did not make much money on the 1967 crop and because of the price this year they have not been able to make much money out of the crop they were able to harvest. Some farmers lost as much as 20 to 30 percent of their crops as the result of the freeze. So that is going to be a very tough situation.

I cannot emphasize too much the importance of getting this passed and passed now, because they do need the money back now for planting.

Thank you.

The CHAIRMAN. Thank you.

Mr. HATHAWAY. There are other members here.

I have asked to have inserted into the record my prepared statement and statements by Mr. Cleveland, Mr. Anderson, Mr. Blanton, and Mr. Kyros, and I understand that others have already or later will submit statements for the record.

The CHAIRMAN. Without objection, those statements will be made part of the record.

(The statements referred to follow:)

STATEMENT OF HON. WILLIAM D. HATHAWAY, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF MAINE

Mr. Chairman, with so many problems confronting us today I hesitate to report a new emergency which is seriously affecting about 10,000 farmers and ranchers.

These farmers and ranchers are operating in counties which have been designated as emergency loan areas by the Secretary of Agriculture to authorize the Farmers Home Administration to make emergency loans. These counties were designated upon the Secretary's finding that natural disasters had caused a general need for agricultural credit which cannot be met by other sources.

These farmers and ranchers are unable to obtain credit from local banks and production credit associations. They cannot continue farming without credit. They will be forced out of business and off the land unless emergency loans can be made to them. The pathetic fact is that emergency loans cannot be made to them because funds are not available for this purpose.

I learned this during a recent visit to Maine where many farmers told me their applications for emergency loans had been approved but that funds for making these loans are exhausted.

So many farmers contacted me about this that I looked into the matter and found that the Farmers Home Administration had approved emergency loans for 96 Maine farmers in the amount of \$722,160 for which checks could not be written because of inadequate funds. These approved loans are in the finance office of the Farmers Home Administration ready for the preparation of checks if and when funds are available.

I learned also that 250 additional loans in the amount of \$1,911,050 were being processed for Maine farmers in field offices of the Farmers Home Administration and that at least 300 more would require emergency loans to continue farming. This alarmed me because it means that 646 farmers in Maine will be forced off the land unless additional emergency loan funds are made available.

This is a bleak picture—so bleak that on my return to Washington I inquired of the Farmers Home Administration about the loan fund situation nationally.

I was informed that emergency loans are made out of the emergency credit revolving fund and that the revolving fund does not receive annual appropriations. Funds are loaned, collected, and loaned again to established farmers and ranchers who are unable to obtain credit from other sources.

Presently there are 1,326 designated emergency loan counties in 39 States. There has been an unprecedented need for emergency loans this year. This increased need has resulted from—

First, Hurricane Beulah in September of 1967, which, with accompanying floods and tornadoes, did extensive damage to buildings, land, vegetable crops, and livestock in 16 south Texas counties. These counties had already experienced damage to the cotton crop because of a prolonged drought. The drought and other adverse weather conditions prevailed in 178 other Texas counties during 1967.

Second, Freezing temperatures in early November which did extensive damage to the 1967 cotton crop in many counties in Alabama, Arkansas, Georgia, Mississippi, Missouri, North Carolina, South Carolina, and Tennessee. The cotton crop was practically destroyed in most of these counties. Emergency loans are available in 339 counties in these States.

Third, Excessive moisture and freezing temperatures at harvest time in Illinois, Indiana, Iowa, and Ohio which resulted in large volumes of soft corn and seriously interfered with the harvest of corn and soybeans. Many acres were not harvested. In addition, the moisture content of harvest corn is high and prices are greatly depressed. Emergency loans are available in 58 counties in Illinois, 76 counties in Indiana, 40 counties in Iowa, and 53 counties in Ohio.

Fourth, Excessive moisture and freezing temperatures in the early fall of 1967 which seriously interfered with harvesting and damaged the quality of crops in New England, particularly in the potato area of Maine.

Fifth, Heavy snowstorms which hit Arizona and parts of New Mexico between December 11 and 19. These storms did extensive damage to livestock, buildings, feed, and farm machinery. The greatest damage was to breeding livestock and the livestock increase crop for 1968. Very few ranchers will have any income this year from the sale of livestock increases. Thirteen counties in Arizona and four counties in New Mexico were designated as emergency loan areas because of these storms.

Because of the unusually heavy demand for loans, the revolving fund's cash assets were exhausted by the middle of March. Since that time the Farmers Home Administration has been able to make additional emergency loans only as collections are received. This is not the season of the year for heavy collections on agricultural loans and the amount of emergency loan collections during the remainder of this fiscal year are not expected to even approach meeting the needs of farmers and ranchers who have already applied for loans.

A total of 18,540 emergency loans in the amount of \$89,483,900 had been made through March 29 of this fiscal year. At the same time the applications of 1,629 additional farmers in the amount of \$8,297,970 were pending in the finance office of the Farmers Home Administration awaiting adequate funds for the preparation of loan checks. Also, the applications of 2,571 other farmers were being processed in the field. These applications total \$14,749,380. Farmers Home Administration field personnel estimate that an additional 6,272 farmers will need emergency loans in the amount of \$17,952,650 for this crop year.

It is obvious that additional funds are urgently needed. If additional funds are not provided approximately 10,000 farmers will be unable to farm this year because of a lack of credit. I think it is important to our national economy that these farmers have an opportunity to continue farming. Therefore, I have introduced this resolution authorizing the Commodity Credit Corporation to make available \$30,000,000 to the Farmers Home Administration for use in making emergency loans and to provide that the Commodity Credit Corporation will be reimbursed this amount plus interest out of a future appropriation to the Emergency Credit Revolving Fund. I am proceeding in this manner because it is the fastest method for making funds available.

The amount of \$30,000,000 plus \$11,000,000 expected to be collected on emergency loans during April, May, and June will be adequate to meet the needs I have described.

The present need for replenishing the emergency credit revolving fund has not been caused by loan losses. This program was initiated on April 6, 1949. Emergency loans have been made to approximately 350,000 farmers and ranchers in the total amount of \$1 billion. Losses have been insignificant—less than 2 percent of the amount loaned.

Mr. Chairman, my proposed resolution deals with the fate of 10,000 farm families. We can make it possible for these families to remain on the land by enacting this legislation—or we can fail to enact it and watch them depart into a very uncertain future. Time is of the essence in this matter. Loans are needed now for this year's farming. Three weeks from now may be too late.

STATEMENT OF HON. JAMES C. CLEVELAND, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF NEW HAMPSHIRE

Mr. Chairman, I rise today to join a number of my colleagues on both sides of the aisle in expressing serious concern about the Farmers Home Administration's inability to make emergency loans because of a shortage of funds.

Emergency loans have been very helpful to New Hampshire farmers at intervals in the past and without these loans we would have fewer farmers in New Hampshire than we now have because many could not have continued in business without emergency loans.

These loans are made in counties where natural disasters have caused a general need for agricultural credit which cannot be met by local lenders.

Emergency loans are made to farmers and ranchers who are unable to obtain credit from their usual sources. Generally, applicants for these loans must receive emergency loans or go out of business. The Farmers Home Administration is their credit source of last resort. Without these loans they cannot farm and if they cannot farm they are deprived of their normal means of producing a livelihood for themselves and their families.

We understand that a series of natural disasters in widely separated areas have resulted in an unprecedented demand for emergency loans this year. As a result, cash assets of the Emergency Credit Revolving Fund, out of which these loans are made, have been exhausted since the middle of March and that additional loans cannot be made until the Congress provides additional funds.

My objective today is to urge serious consideration of the enactment of pending identical resolutions, H. J. Resolutions 1227 and 1228, and 1232 of which I am a sponsor, which would provide \$30,000,000 for making emergency loans. I am informed that this amount plus collections expected to be received on emergency loans already made would enable the Farmers Home Administration to meet the current credit needs of more than 7,000 farmers and ranchers in 39 States.

These people must have loans now if they are to farm this year. Three weeks from now will be too late, Mr. Chairman. For this reason, I ask that this matter be handled as expeditiously as possible.

STATEMENT OF HON. WILLIAM R. ANDERSON, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF TENNESSEE

Mr. Chairman and Members of the Committee, thank you very much for the opportunity of appearing before you. I am one of the sponsors of House Joint Resolution 1228. I joined a number of my colleagues in sponsoring this resolution because I know from personal knowledge that there is a great need for emergency loans in Tennessee as well as in 38 other States where natural disasters have caused a need for agricultural funds which cannot be met by local sources.

Emergency loans are available in 25 Tennessee counties primarily because of severe damage to the 1967 cotton crop as a result of freezing temperatures during the harvest season.

Before emergency loan funds became exhausted about the middle of March, loans had been made to 483 Tennessee farmers in the amount of \$1,242,360 for financing 1968 crop production expenses. At that time there were 127 additional approved applications in Tennessee for which checks could not be issued because of a lack of funds and field personnel of the Farmers Home Administration estimated conservatively that at least 154 other Tennessee farmers would need emergency loans totaling about \$400,000.

These people, like many, many more in other States cannot farm this year unless they receive emergency loans. And like those in other States, they must receive loans almost immediately if they are to continue farming because a few weeks from now would be too late.

Because of the urgency of the situation, the co-authors of this resolution, including myself, attempted to determine the most practical method of providing additional funds with the least delay.

Mr. Chairman, I think we have succeeded in this regard because House Joint Resolution 1228 would authorize and direct the Commodity Credit Corporation to advance \$30,000,000 to the Emergency Credit Revolving Fund for use in making emergency loans. The resolution provides also that the Commodity Credit Corporation would be reimbursed out of a subsequent appropriation.

Mr. Chairman, I cannot emphasize too strongly the importance of this resolution to approximately 7,000 farmers in 39 States, including about 300 in Tennessee, who are in areas hit by natural disasters and who are unable to continue farming without the assistance of emergency loans. For example, just recently severe flash floods hit a three county area in my Congressional District.

Many farmers have been hit hard by natural disasters. They are desperate. Unless we enact this resolution immediately, or something equally effective, their last remaining hope will disappear.

Finally, Mr. Chairman, I want to point out that in sponsoring this resolution we are not thinking of grants to farmers. Instead, we are speaking of loans which will be repaid within reasonable periods if normal conditions prevail. The Farmers Home Administration's record in making emergency loans supports this position. Loans totaling approximately \$1 billion have been made since the beginning of this program and losses have been less than two percent of the amount loaned. We have sponsored this resolution on this basis and we urge your favorable consideration as soon as possible.

Thank you, Mr. Chairman. I appreciate the opportunity of appearing before you on this important matter.

---

STATEMENT OF HON. RAY BLANTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. Chairman, and members of the Committee, my name is Ray Blanton, and I am Representative in Congress for the Seventh District of Tennessee.

I wish to urge your favorable consideration for House Joint Resolution 1232, which I am privileged to co-sponsor.

I believe Mr. Hathaway and other colleagues who have testified before me have given you an excellent nation-wide survey of the problem this legislation seeks to remedy. For my part, I would like to devote special attention to the problem we are faced with in my particular region.

Of the eleven counties I represent, ten of them are predominately rural areas. Agriculture is the number one industry, the small independent farmer is the rule, and cotton is the chief cash crop.

This Western Tennessee region has for the past two years been subjected to some of the severest weather conditions in many decades. Late freezes, unusually heavy spring rains, and long periods of summer droughts have virtually ruined cotton and other crops in these counties. Last year, for example, the cotton crop in West Tennessee and the Mid-South Region, which includes Arkansas and Mississippi, was the smallest since 1895.

There are 25 counties in Tennessee designated disaster areas for purposes of Farmers Home Administration emergency loans, I understand that across the United States, there are 1,326 such counties in 39 States.

A total of 18,540 emergency loans have been made in these 39 States, amounting to more than \$89.4 million, up to March 29 of this year. The applications of 1,629 additional farmers are pending in the finance office of the Farmers Home Administration, awaiting adequate funds for the preparation of loan checks. On March 29th, there were 2,571 other farmers applying for emergency loans, and these applications were being processed in the field offices. These field offices estimate collectively that more than 6,000 additional applications will be forthcoming for this crop year.

This unusually large number of applications from farmers hit hard by severe climate conditions over the past year—and the past two years in my district—makes it clear that unless we have additional funds authorized, many thousands of farmers, and especially the small farmer, will be unable to farm this year because of a lack of credit.

The legislation you are considering before this Committee authorizes the Commodity Credit Corporation to make available \$30 million to the Farmers Home Administration for use in making emergency loans. It provides that the Commodity Credit Corporation will be reimbursed this amount plus interest out of future appropriations to the Emergency Credit Revolving Fund.

Because of the urgency and time factor involved, this manner of pumping new funds into the agency is perhaps the most feasible one we have.

Congress can not change, alter or predict weather conditions. And while I am well aware of the pressing domestic needs affecting millions of people in cities,

as well as other domestic priorities, I hope that Congress will never neglect the needs of a small number like these farmers, who are looking to us as their last hope.

STATEMENT OF HON. PETER N. KYROS, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF MAINE

The Chairman and Members of the Committee, Thank you for granting me this opportunity to appear before you today. I come to urge favorable action on the resolutions under consideration which would authorize the immediate transfer of \$30,000,000 to the Farmers Home Administration to be used in making emergency loans to eligible farmers and ranchers in designated areas.

Emergency loans are made only in areas where substantial production losses have occurred as a result of a natural disaster which created a need for agricultural credit that could not be met by regular sources, such as banks and production credit associations. Since the emergency loan program was initiated by the enactment of Public Law 38 in 1949, as a standby source of credit, loans have been made for temporary periods in some part of every State in the Union.

It was the intent of the Congress that the Emergency Credit Revolving Fund would have sufficient resources to finance the emergency loan requirements of all eligible farmers and ranchers throughout the country, whenever and wherever a natural disaster has resulted in a need for this type of credit. The purpose of the program has been and still is to help farmers and ranchers in disaster-stricken areas continue their normal operations until they can return to their regular lender.

There is no way of predicting when or where a natural disaster will strike nor the extent of damage it will cause. Therefore, it has been the policy for the Department of Agriculture to consider and process loan applications in the order received, without reserving funds for any area or allocating funds to any state. I believe this is the proper way—in fact—the only way the program could be administered effectively in line with the intent of the Congress, as just stated.

I am informed that there has been no problem, until now, of not having sufficient cash in the Emergency Credit Revolving Fund to provide loans when and to the extent required by eligible applicants. The present need for additional cash to make emergency loans to approximately 7,000 farmers and ranchers throughout the country is due to an unusual demand for this type of credit because of unprecedented major disasters in large farming and livestock areas of the country during the past year.

The transfer of \$30,000,000 from the Commodity Credit Corporation to the Emergency Credit Revolving Fund, to be reimbursed by a subsequent appropriation, will permit making loans to these estimated 7,000 eligible farmers and ranchers in time for them to carry on their normal operations this year.

It is estimated by officials of the Farmers Home Administration that there are at least 500 established farmers in Maine who need and are eligible for emergency loan assistance to finance this year's operations. If the loan funds are not provided, most of them will either be forced to quit farming altogether or so reduce their production that they cannot expect to meet their family living expenses and other obligations.

The situation is critical for these families. We should help keep them on the farms, Mr. Chairman. That's all they know how to do for a living, and with just a little help now, we can save them the worry, despair and financial crisis they face unless help is provided. The time is now for farmers. I strongly urge approval of the resolutions before the Committee to provide the funds needed for emergency loans this year. Thank you.

The CHAIRMAN. Are there any questions?

Mr. HATHAWAY. I have a telegram from Mr. H. E. Bryant, executive vice president, Maine Potato Council, urging support by the committee for the transfer of \$30 million from Commodity Credit Corporation to the Farmers Home Administration Emergency Fund. I ask that it be made a part of the record.

The CHAIRMAN. Without objection, it will be made a part of the record.

(The telegram referred to follows:)

PRESQUE ISLE, MAINE, April 26, 1968.

HON. WILLIAM D. HATHAWAY,  
U.S. House of Representatives,  
Washington, D.C.:

Urge your support for the proposal to transfer \$30 million from Commodity Credit Corp. to the FHA Emergency Revolving Fund. This emergency fund program will be of vital importance to this industry this spring.

H. E. BRYANT,  
Executive Vice President, Maine Potato Council.

The CHAIRMAN. Are there any questions of Mr. Hathaway?

Mr. O'Neal?

Mr. O'NEAL. You said that because of the disaster that you had to go to the diversion program. What did you refer to there?

Mr. HATHAWAY. I mean that was an additional factor this year. The price of potatoes this spring has been very poor, and in order for them to improve the market, the diversion program was instituted, I believe the first of March, whereby the Government paid 75 cents a hundred-weight for potatoes that were diverted into starch, into livestock feed. That price dropped down to 40 cents, now. We hope to continue that. That has helped the market some but not enough.

Mr. O'NEAL. Thank you. That is all, Mr. Chairman.

The CHAIRMAN. May I ask a question off the record?

(Discussion was had outside the record.)

The CHAIRMAN. Back on the record.

Mr. Goodling?

Mr. GOODLING. In your opinion, would this resolution be subject to a point of order? Isn't this committee in a sense appropriating money?

The CHAIRMAN. No; I do not believe it is. It is not appropriating anything out of the Treasury. This is merely a transfer of funds within the Department of Agriculture. I think there is a distinction between the transfer of funds within a department and an appropriation out of the Treasury.

Mr. GOODLING. The Commodity Credit Corporation in all probability would go to the Treasury for this money.

My question is: How is the Appropriations Committee going to react to this?

The CHAIRMAN. There have been resolutions, at least similar to these, that have been passed by various committees in the past. I cannot give you an assurance that they will not raise some question about this, but my judgment would be that they would not.

Are there any further questions?

If not, we are very much obliged to you, Mr. Hathaway.

Mr. HATHAWAY. Thank you very much.

The CHAIRMAN. I believe that Mr. Long wants to just file a statement. We will be glad to hear from you now, Mr. Long.

#### STATEMENT OF HON. SPEEDY O. LONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. LONG. Mr. Chairman and gentlemen of the committee, I have a prepared statement which I have made available to the committee and the members. I should desire to file it for the record.

The CHAIRMAN. We will be glad to make it a part of the record.  
(The prepared statement submitted by Mr. Long reads in full as follows:)

STATEMENT OF HON. SPEEDY O. LONG, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF LOUISIANA

Mr. Chairman and members of the committee, I am very pleased to have this opportunity to appear before this distinguished Committee today in support of H.J. Res. 1227, H.J. Res. 1228, and other identical bills, one of which I was honored to introduce, namely, H.J. Res 1237, which provide for a transfer of \$30 million from the Commodity Credit Corporation to the Emergency Credit Revolving Fund of the Farmers Home Administration to restore credit to farmers and ranchers who have been subjected to the financial losses inherent in natural disasters.

The need for this emergency credit cannot be disputed. It has been well documented in such statements as that submitted by the Department of Agriculture when it recommended enactment of this legislation. Nor can the advantages to the public interest in this measure be denied, because we only have to take a brief look at the average income of farmers over the past few years and compare it with the increasing costs of food to the consumer to arrive at the inescapable conclusion that we must act to support a strong and viable American agricultural industry.

Furthermore, I believe there is also a great need for the Congress to act to salvage many of the standard, time-tested economic programs undertaken by the Federal Government which are presently threatened with destruction by the gradual erosion from elements in this Country more interested in experimentation and fiscal innovation. The sad fact is that with each experiment and innovation, some small farmer or some small businessman is forced out of business. The programs of the Farmers Home Administration have been tested and proven for many years. The benefits derived from these programs are unquestioned. I think we should act to give the Department of Agriculture the financial strength to make the Farmers Home Administration effective.

Aside from its fiscal advantages, the proposed bills contain the highest humanitarian impulses. And while the Congress must act with fiscal responsibility, I pray that the time never comes when we cannot consider the simple problems of suffering humanity.

The fact is that this legislation does not call for any basic change in agricultural policy. It merely provides for the funds to carry out the intentions of the law with respect to credit for farmers suffering financial loss from natural causes. The bills call for a simple and safe financial transaction, and I call for their approval and final passage.

Mr. LONG. I would like to make an additional statement.

I do believe that this is a reasonable request made by the Department. It is urgently needed. And I would request and urge your favorable consideration of this resolution.

The CHAIRMAN. Thank you very much. We appreciate your attendance and we appreciate your waiting for us.

Are there any questions of Mr. Long?

Mr. Sisk was due to be here about an hour ago and is not here.

And there seems to be no other Member of Congress present. I do not see any.

Do any of the sponsors of the resolution on the committee want to say anything in behalf of the resolution?

Mr. DE LA GARZA. I move that we go into executive session.

The CHAIRMAN. Does anyone else wish to submit a statement?

Mr. ZWACH. I would like to make a statement for the record.

STATEMENT OF HON. JOHN M. ZWACH, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF MINNESOTA

Mr. ZWACH. Mr. Chairman, I joined with my colleague from Maine as a sponsor of this measure to assist with a very important and serious farm credit problem.

Rising costs for fertilizer, machinery, taxes, and labor has resulted in an ever-increasing need for additional funds by farmers. Land values have increased also, and farmers have been forced to mortgage or renew mortgages for the additional cash.

However, this route for increased capitalization can be pursued only so far until the increased credit demand exhausts loanable money or the interest rate becomes prohibitive and forecloses use of this method. We have arrived at that point where both of these factors are present.

This resolution, while not directly aiding in the solution of the immediate credit needs of my Minnesota farmers, because the type of disaster that we are experiencing does not arise from natural calamities but rather from protracted periods of low-farm income, will be helpful in that fewer FHA loans will need to be held in reserve for "emergencies."

I am informed by the Department of Agriculture that as of April 15, a total of 34 States had exhausted all of the loaning funds. Minnesota is one of these 34 States. It also is true that a sum of \$25 million is included in the urgent supplemental appropriations bill for FHA, but as you know, this bill is tied up in the other body awaiting conference because of other matters in the bill.

I have received letters from a rural banker in Benson, one from Appleton, and several letters from farmers, all urging prompt action to provide additional funding for the Farmers Home Administration.

At the same time, this emergency request for a transfer of funds will have a beneficial effect upon all of agriculture.

I urge your support in passing this legislation.

The CHAIRMAN. Mr. Price?

Mr. PRICE. I should like to make a statement for the record.

STATEMENT OF HON. BOB PRICE, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF TEXAS

Mr. PRICE. Mr. Chairman, as the cost of living continues to rise, workers in major industries demand and usually receive wage increases to match. Most everyone, it seems, manages to add higher wages and other costs into the price of goods and services we buy. Most everyone, that is, except the farmer. Net farm income for 1967 was actually down from the year before by \$1.9 billion. Farm income statistics published by the U.S. Department of Agriculture in February show that realized net farm income last year declined from \$16.4 billion to \$14.5 billion, while farm production expenses increased \$1.1 billion, and cash receipts from farm marketings declined from \$16.4 billion to \$14.5 billion. That represents a drop in realized net farm income of 11.5 percent in 1 year.

What other industry could survive a drop of 11.5 percent in income in times like these? And the only way many farmers and ranchers have survived is by going deeper into debt. In fact, farm debt has increased by \$20 billion during the past 6 years—up by 90 percent.

Interest rates at record highs jumped carrying charges on borrowed money by \$1.2 billion. This story could go on and on, real estate taxes up and up, a 31-percent increase in production costs since 1960, and so forth.

I believe Congress can do better than has been done to assist some 10,000 American farmers and ranchers in this financial crisis. I urge my colleagues to support legislation calling for the transfer of \$30 million as a loan from the Commodity Credit Corporation to the FHA Emergency Credit Revolving Fund.

I am sure you all realize the necessity to immediately replenish the FHA funds which have been depleted by many of the same disasters which have brought so many farmers to their current plight.

Many farmers will be forced to leave the farms if they are unable to rely on the FHA to help them when they need agricultural credit.

The CHAIRMAN. If there are no further comments on these measures, Mr. de la Garza has moved that we go into an executive session and then come back for the remainder of this morning's agenda, which is another bill.

If there are further statements of Congressmen that have been prepared but have not been submitted or received, they will, without objection, be made a part of the record at this point.

(The following statements were submitted to the committee:)

STATEMENT OF HON. B. F. SISK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I appreciate the opportunity you have given me to speak in support of House Joint Resolution 1228. I was glad to join a number of my colleagues in sponsoring this resolution because it is designed to provide funds for making available emergency loans.

The Farmers Home Administration has a good record of assisting farmers and I want to comment briefly on FHA's emergency loan program.

The program was activated by the Secretary of Agriculture so that where natural disasters have caused so much damage that farmers generally cannot get enough credit to meet the next year's operating expenses, FHA could provide assistance. The program has provided the credit required for more than 300,000 farmers to continue farming since April 6, 1949. This is the program, as you know, Mr. Chairman, under which the Farmers Home Administration has worked so closely and so effectively with farmers following the occurrence of natural disasters that losses since the inception of the program have been less than two percent of the amount loaned.

Loans have been available on a standby basis year by year to help distressed farmers in areas hit by natural disasters. Today, however, this program is not in position to provide additional assistance to farmers because cash assets of the Emergency Credit Revolving Fund became exhausted in March. This was a result of unprecedented demand for emergency loans this year caused by a series of natural disasters in separated areas. I am informed that 1,326 counties in 39 States are now designated as emergency loan areas. This unprecedented demand resulted in 19,389 loans totaling more than \$90,000,000 being made before the loan funds were exhausted. I am informed that applications have been approved for 2,253 other farmers for whom checks cannot be issued. Field personnel of the Farmers Home Administration estimate that 5,500 other farmers will need loans totaling about \$25,000,000.

The situation in California is that 154 loans have been made totaling \$1,965,865; there are 60 applications totaling \$1,020,000 pending in field offices; and it is estimated that at least 57 additional farmers will need emergency loans.

It is clear to us as sponsors of House Joint Resolution 1228 that at least 7,000 farmers and ranchers in different areas of the Country will be unable to farm this year unless they can obtain emergency loans. These farmers are unable to obtain loans from other sources. This resolution would provide the necessary funds for meeting these needs.

Mr. Chairman, this is a very serious matter. These 7,000 farmers and ranchers and their families are desperate. They are anxiously awaiting your committee's action here today. In their behalf, Mr. Chairman, I urge your most serious consideration.

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. Chairman, as a result of continuing natural disasters as well as growing replacement costs in farm facilities and equipment, the disaster loan funds have been consistently in a state of exhaustion.

It is this same combination which has repeatedly created crisis situations for my District, the Third of Colorado, as well as many others.

Already this Spring, less than a month ago, extended drought conditions for many Colorado counties, including Baca, Cheyenne, Kiowa, Lincoln, Prowers, and Bent, set the stage for such a disaster. In this case a strong storm moved out of the Rockies. While portions of the storm carrying moisture missed the drought area, extremely high winds did hit this region.

Traffic was halted on highways by reduced visibility as clouds of dust, dirt and even debris from fields floated through the air. This same area, portions of which have had one wheat crop in six years, was hard hit again.

My point is this; six years ago direct costs involved in seeding one acre of wheatland amounted to \$13.55. Direct cost of reseeded that acre would be twice that amount.

In 1967, when disaster hit, it was \$18.20 in direct costs to seed an acre and twice that to reseed. This is an increase of 34% and hardly anyone would claim the farmer is realizing even a small percent increase in his direct income let alone anything like the 34% increase in costs.

As we all know, farmers have little or no control over either the prices they pay for goods, materials, equipment, seed and other essentials or of the price they receive for their products. The squeeze has placed growing numbers of farmers in the, "out of business" category. Many have been existing for years on the margin created by increasing land valuations.

Living so precariously in such large numbers, the farmer as we know him can be wiped out overnight by natural disaster.

With replacement costs so high, financing so extended and, because of marketing conditions, probable investment return chances so low, the farmer cannot look to the usual, normal financial institutions in time of emergency need.

We or, for that matter the world, cannot run the risk of losing large numbers of the very people who play such a vital role.

Without these disaster loan funds, in this instance depleted funds, our farmers in all areas of the United States face overnight ruin in being forced out of business.

I strongly recommend and urge this Committee to look favorably upon the resolution authorizing temporary funding of the Emergency Credit Revolving Fund in the amount of \$30,000,000.

The CHAIRMAN. We will now proceed into executive session.

(Whereupon, at 10:55 a.m., the committee retired into executive session.)



